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**Exploring recipients' perceptions of impression management in the
workplace: Insights from comparing fraudster and non-fraudster
executives**

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Declaration

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgement has been made.

This thesis contains no material which has been accepted for the awards of any other degree or diploma in any university.

Signature:

Date:

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First of all I would like to thank my Mum and Dad who gave me the intellectual wherewithal and stamina to go on this journey to a PhD which has taken me over 30 years. I started at the University of Toronto, Canada, in 1980 and finished in 2011 at the Curtin Graduate School of Business, Australia, so there has been more than the usual number of people involved in supporting me along the way. After three years of coursework I had to stop the commencement of my thesis due to an injury from a car accident in 1983. I felt deep disappointment on not being able to complete my studies. The idea of completion was resurrected by enrolling in the DBA program at Murdoch University, which I undertook part-time, finishing all the coursework necessary to commence the thesis. However, my supervisor moved away. I decided to change to the PhD by research program at the Graduate School of Business, Curtin University under the guidance of Prof Alma Whiteley who is noted as being the supervisor with the most PhD students in the Curtin School of Business, a fact that testifies to her dedication of engendering higher degree research in the Curtin Graduate School of Business.

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Abstract

This qualitative study focuses on recipients of the impression management process engaged in by Australian executives. Goffman's impression management is viewed as part of daily interaction, in which individuals participate as actors on a social stage by managing a stream of impressions to their audience (recipients). The projection of image is only able to succeed when the audience, detecting the necessary conditions of authenticity and morality of the representation, reciprocates with belief. Executive fraud is usually committed in multiple acts over time with co-workers genuinely oblivious. This raises questions of why the recipients were unaware when fraudsters were 'giving off' impression management which was clearly inauthentic and immoral.

In this study the recipients were co-workers of the phenomenon of executive impression management. The data were collected from two groups who either worked with executives who have been convicted of an indictable offence of fraud (therefore clearly fraudulent), and executives who were not. As the study is of social processes, a constructivist approach was used. A convenience sample generated data from 17 in-depth interviews, which were coded and categorised with theoretical sampling using grounded theory. The applicability of known factors of fraud was also examined and analysed from the recipients' data.

Five concepts of executive impression management emerged from the analysis. Two issues of consistency and received power positioning of the actor's impression management were dominant for the recipients. This led to the development of a conceptual framework of Executive Impression Management, which outlined the various types of impression management that emerged from the data. Fraudster executives were found to use a distinctive form of impression management labelled Disguised Inconsistent Malevolent. The hallmarks of this impression management are that strips (or cracks) occur in the impression management presentation over time, but recipients regard these as insignificant. The discovery of the fraud is a great shock, which demonstrates the powerful nature of the impression management 'given off'. It was also found that Goffman's 'fateful moment' was demonstrated when fraudsters were challenged at discovery. Furthermore, known fraud factors from Red Flags, social psychology, psychopathology and impression management authenticity and morality did not hold true with the recipients studied. There is a discussion about the significance of these findings as well as how impression management can be used to understand the complex process of long-term executive fraud. Finally, limitations of the study and directions for future research are also considered.

Operational Definitions

For the purpose of this research the following terms were defined as follows:

Executives: Sub-Board of Directors level, includes Chief Executive Officer level (or equivalent) and senior managers who plan, organise, direct, control and review the overall operations and their major programs, and coordinate special functions within organisations. Adapted from standards of Australian Bureau of Statistics, and Statistics New Zealand (p. 945, 2006).

Executive Fraud: A working definition for this study is: the premeditated (SAS 99 as cited in the American Institute of Certified Public Accountants Inc. 2002) use of deceit, trickery or cunning (Ramamoorti 2008) to gain corporate property for personal gain using complex financial statement fraud to simple embezzlement (Association of Certified Fraud Examiners 2006) by dishonest means, through the abuse of power (Sutherland 1940; Johnson and Rudolph 2008) by a senior manager in an organisation whose job it is to make major decisions (Zahra, Priem and Rasheed 2005) the conduit for which is the established position of high trust and stewardship of an organisation (Association of Certified Fraud Examiners 2006).

Fraudster executive: An executive who has admitted to or has been convicted of defrauding his or her employing organisation. The fraud is substantial (close to or in excess of \$AU 1,000,000) and there are multiple transgressions over at least six months.

Non-fraudster executive: An executive who has not been convicted of defrauding his or her organisation.

Impression Management: A social process described by Goffman (1959) that is a daily phenomenon where the action of an individual, like an actor's

performance onstage, is to convince his or her audience of the social situation that is being played out. It is implicit with every action an individual makes in front of another person, or in another's viewing or listening.

Authenticity: The first precondition of how an audience assesses a performance. The people in the audience "... are asked to believe that the character they see actually possesses the attributes he appears to possess, that the task he performs will have the consequences that are implicitly claimed for it, and that in general, matters are what they appear to be" (1959, p. 17).

Morality: The second precondition of audience assessment: "namely that an individual who implicitly or explicitly signifies that he has certain social characteristics ought in fact to be what he claims he is" (1959, p. 13).

Chapter 1: Introduction

This thesis reports an investigation of the recipients of executive impression management as theorised by Goffman (1959). Individuals, proposes Goffman, participate as actors on a stage, by managing a stream of impressions to their audience (recipients). Fraudulent behaviour was chosen as the research context as it demonstrates a sharp focus for impression management. Subordinate managers or assistants as recipients of the phenomenon of executive impression management were targeted in this study. It is useful at this point to clarify the usage of the term of executive instead of leader or manager in this thesis. The separate terms have different meanings and literature. As Czarniawska-Joerges and Wolff (1991) explain:

Leadership is seen as symbolic performance, expressing the hope of control over destiny. Management is seen as the activity of introducing order by coordinating flows of things and people toward collective action... The sociohistorical context must be considered as the stage set wherein these roles gain prominence. (1991, p. 529)

The term executive in the context of this study implies a more managerial role, albeit at a senior level. Obviously some executives are leaders, for instance the title of Chief Executive Officer is conferred to the leader in an organisation. Some senior managers will aspire to be leaders and some executives do not. However, they all have an audience of employees, and impression management studies that involve leaders and employees in the work context can be applied to some extent with the proviso that the context of the study is the workplace (Czarniawska-Joerges and Wolff 1991).

The fairy tale of *'The Emperor's New Clothes'* by Hans Christian Andersen is based on a skilful illusion (Andersen 1837). Two unscrupulous tailors convinced their vain Emperor that they make the most magnificent robes, when in fact they only mimed the production of a marvellous cloth. The fraudsters cleverly said that if the clothes looked invisible then that person must be unfit for office or stupid. The Emperor being a previously confident ruler, fell prey to the swindle, as he did not want to appear unfit for office or stupid. Over several weeks the Emperor's most trusted courtiers checked the tailors' progress and reported that the fabric was truly astonishing and colourful, as they too did not want to appear unfit for office or stupid. Receiving this feedback, the Emperor became totally convinced that indeed these must be the most wonderful garments.

The tailors dressed the Emperor in the new clothes in front of his courtiers, miming in front of a mirror, supposedly dressing their monarch. Once fitted with his new robes, the Emperor

commanded a parade before his subjects and proceeded to walk down the city's main street with his full entourage of faithful servants and trusted courtiers behind him. By this time, curious citizens lined the streets to see their sovereign's new outfit. Word had travelled fast that anyone who perceived the clothes to be invisible was very dim-witted. People were captivated as the parade walked by, and not wanting to appear stupid, they too ignored their own senses. The illusion was shattered when a little boy shouted that the Emperor was in fact, wearing no clothes. The onlookers became horrified. Everyone felt duped with the shattered illusion that was sustained for many weeks by their trusted Emperor.

Although the Emperor was not the fraudster in this instance, the fairy tale is a good illustration of what it must feel like when a supposedly reliable hardworking executive is exposed to subordinates and colleagues as utterly deceitful; shattering the illusion of trustworthiness and honesty that he or she had carefully woven over an extended period of time. Such was the lot of Sherron Watkins, a hundred and fifty years later, when in the 'Enron fairy story', she blew the whistle on fraudulent practice conceived and developed by her CEO, Jeff Skilling, with disastrous effects for The Enron Corporation which subsequently collapsed in one of the largest executive frauds in American history (Watkins and Pearce 2003). Those who worked with the Enron executives may have felt the same disillusionment and contempt as the Emperor's employees and citizens in the fairy tale, as their illusion of competent management crumbled before their eyes when the extent of the fraud unravelled (Tourish and Vatcha 2005).

But questions abound: how did the Enron staff accept the illusion in the first place? We are told in the fairy tale that the swindlers used the proviso of risking the threat of humiliation. However, this method of control by fear is not solely the prerogative of fraudster executives as some non-fraudster executives use this type of coercion in their day-to-day activities of managing people (Conger 1990; Yukl 1989). After the initial acceptance of the illusion of executive honesty by staff, how long can it be upheld as the fraudster executive is going about his or her unlawful activities? Is it possible to determine if there are differences with fraudster executives from the way that they conduct themselves in their daily interactions with their staff, as compared to non-fraudster executives? Such questions as these resonate with those asked in this investigation and explored later in this chapter. First a preliminary look at executive fraud should take place.

Executive fraud context

The daily interaction between executives and their staff has not attracted much interest from fraud researchers. In fact, attention has been focussed on other areas altogether, such as environmental and organisational factors. One such popular method is the ‘Red Flag’ approach in detecting fraud, developed from the forensic accounting literature (Heiman-Hoffman, Morgan and Patton 1996), which has been argued that is largely unsuccessful in identifying fraudster executives (Pincus 1989). However, it still maintains its popularity today, evolving into new variations (Association of Certified Fraud Examiners 2008; LaComb and Senturk 2006). Another technique which is used by auditors and forensic accountants is the Auditing Risk Model (ARM) which is useful for the basis of audit planning (Libby, Artman and Willingham 1985) but has a variety of critics saying that it is ineffective in detecting executive fraud (Allen et al. 2006). No matter which method is used, fraud continues to rise unabated therefore new areas of research would be welcomed to assist in understanding executive fraud and it is the intention of this study to be one such exploration. To use the words of Zahra, Priem and Rasheed (2005): “We hope that our review stimulates systematic and insightful scholarly research into this important and controversial topic. Where top management fraud exists, we all lose” (2005, p. 824).

Fraud not only exists, but serious fraud continues to proliferate in businesses. Rates have measurably increased in the United Kingdom (UK) (Levi et al. 2007) the United States of America (USA) (Association of Certified Fraud Examiners 2006) and Australia (Australian Institute of Criminology and PriceWaterhouseCoopers 2003). Traditional methods employed by management, auditors and forensic accountants (Machen and Richards 2004) and more stringent government rules and regulations with harsher penalties (Rashkover and Winter 2007) have generally failed to stem the tide. It continues to proliferate and increasingly cause harm to society, organisations and individuals (Australian Institute of Criminology 2004).

Development of a definition

Earlier in Operational Definitions to this study a working definition was described. In this section, it is shown how the working definition of executive fraud was developed. There are variations in the use of the term fraud; also there is a variety of legislation in different countries that defines the offence of fraud in their own terms (Kolman 1999; Levi et al. 2007 for the UK). This is particularly vexing for auditors who are trying to determine if fraud has actually taken place in a company (Albrecht, Albrecht, and Dunn 2001b).

Historically, the definition of fraud has developed to the point, where any class of fraud had been categorised as a variation of theft. Roman Law had a clear definition to that effect, and by the Middle Ages, English law had a number of punishments to deter artisans and guild members from fraudulent practices (Johnstone 1998). Noting an increase in fraud, in 1602 Sir Edward Coke is quoted as saying that “Fraud and deceit abound in these days more than in former times” (Johnstone 1998, p. 108). A thought that has echoed in many a more recent fraud report (Association of Certified Fraud Examiners 2006; Australian Institute of Criminology and PriceWaterhouseCoopers 2003). Interestingly, as Johnstone goes on to say:

Through a strange quirk in history, the evolution of the law of fraud began about five hundred years ago in the English common law, about the same time that double entry book keeping came into vogue in Italy, through the efforts of Pacioli, an Italian mathematician and Franciscan friar. (1998, p. 108)

A remarkable coincidence indeed, when considering that much modern misappropriation of assets, including cash involves double entry bookkeeping skills employed by accounting staff and financial managers (Association of Certified Fraud Examiners 2006).

In the seventeenth and eighteenth centuries Locker and Godfrey (2006) argue that there was an ontological change in the view of a worker taking things from the workplace, which coincided with industrialization. At one time there were ‘gleaning rights’ of farm workers, which was permission to go to the field after the corn was cut to pick up any stray ears of wheat that were left. This became what was known as a ‘perk’ – a prerogative of the farm worker. With factories and the change of mode of production, there commenced a distancing of employer from employee with an increasing complexity of company structure and company law. This evolved so that what was previously perceived as a customary or traditional right became conceptually re-branded as theft, fraud and or embezzlement. The accompanying changes to criminal law, Locker and Godfrey contend, expanded to incorporate such activity as thievery, and simultaneously embedded the property rights of individuals into society’s consciousness. Fraud was seen as theft until a differentiation in the type of crime and perpetrator came into being in the form of ‘white-collar crime’, which has remained with us today.

White-collar crime

The classical view of fraud prevailing in the 20th Century was that all humans have the propensity and self-interest to commit fraud. Edwin Sutherland, (1940) was the first to describe white-collar crime as different from ordinary crime, and considered that white-collar crime was purely a result of learned behaviour on the part of middle and upper class

employees from corrupting organisations which he defined as a class issue. The basis of this claim was in the fact that punishments given to white-collar workers were considerably lighter compared to lower class workers. Furthermore, that damaged reputation and or a fine, was seen as enough punishment in many cases, despite the amounts that were obtained by fraud. Sutherland identifies the basic premise of white-collar crime as "... violation of delegated or implied trust" (1940, p. 3), which he asserted could be executed in one of two ways: misrepresentation of asset values and manipulation of power.

However, there has been much discussion since that definition on what is now known as white-collar crime. The National White Collar Crime Center encapsulated the definitional dilemma in 1996: There were seen to be four types of white-collar crime: the personal crime committed for personal gain but outside of a business, for example credit card fraud; those crimes committed against an employer for example embezzlement; corporate crimes committed by businesses and those who set up businesses to defraud others, for example, selling dubious investments. (National White Collar Crime Center 1996, p. 16,) The Center also noted that white-collar crime is seen as non-violent, it is also viewed by the police and judiciary as less deviant and therefore lighter sentencing is given compared to violent street crimes of murder and rape.

Following from this explanation, the now well-known term 'white-collar crime' is seen as much broader than a class issue either in popular culture or the media (Levi 2006; Wozniak 2001). The National White Collar Crime Center in the USA held a workshop for academics to agree on a definition, as there was no previous consensus in the academic literature about what was white-collar crime. The workshop concluded with this definition:

Illegal or unethical acts that violate fiduciary responsibility or public trust, committed by an individual or organisation, usually during the course of legitimate occupational activity, by persons of high or respectable social status for personal or organisational gain. (1996, p. 330)

This definition somewhat surprisingly, given the watering down of the term, still alludes to Sutherland's basic premise that white-collar crime was a class issue. Sutherland also gave for the first time a focus on the commercial world as a source of crime, which considering the massive losses on the recent corporate scene, in dollar terms at least, makes the business world worthy of academic attention (Pontell and Rosoff 2009). Furthermore, Sutherland exposed how the 'captains of industry' used their power and position to ensure that civil and regulatory law, if it were to be made, would be in their favour (Friedrichs 2004). Accordingly, powerful elites then hid behind commercial concerns to commit crimes of which most of society was ignorant, thinking it was purely risky business (Pontell 2005).

Lastly, the lack of attention paid by criminologists to white-collar crime has created a gap where other arenas of academic endeavour have taken over (Tombs and Whyte 2002). However, there is still agreement that “...white collar crime operates within a business environment, where the legitimate status of employment, the ‘privacy’, provides the opportunity required to facilitate the subsequent offence” (Johnstone 1998, p. 113).

Definition of fraud in Australia

There is no shared definition of fraud in Australian law; varying in state and federal jurisdictions, and even over time in a single jurisdiction (Syrota 1994). A good example of an attempt to define fraud within an organisational context is found in New South Wales:

The NSW Audit Office defines fraud as a deliberate and premeditated act which involves using deception to gain advantage from a position of trust and authority... Fraudulent acts may involve theft, the making of false statements, evasion, the manufacturing of information or acts of omission. (New South Wales Department of Community Services 2005, p. 4)

As the Australian Institute of Criminology (2003) reported after it undertook a survey into serious frauds in Australia in 1998-99, the common term fraud covers a range of different and diverse criminal activities.

Deconstructing and developing an operational definition of executive fraud

However, the operational definition of executive fraud had to be established for this study. Reviewing the literature key elements or attributes emerged, please see Table 1.

Table 1. A definition of executive fraud, attributes and sources.

Attribute	Source
Intentionality	SAS 99 as cited in the American Institute of Certified Public Accountants Inc. 2002
Deception	Ramamoorti 2008
Stealing corporate assets	Association of Certified Fraud Examiners 2006
Dishonesty, abusing power	Sutherland 1940; Johnson and Rudolph 2008
Perpetrated by a senior manager whose job it is to make major decisions	Zahra, Priem and Rasheed 2005
Implied high trust and stewardship of an organisation	Association of Certified Fraud Examiners 2006

Intentionality and premeditation

Corporate fraud is defined in the USA in the Statement on Auditing Standards (SAS) 99 (para 5, American Institute of Certified Public Accountants Inc. 2002) as: "...fraud is an intentional act that results in a material misstatement in financial statements that are subject to an audit" This narrow definition incorporates "...misstatements arising from misappropriation of assets" (para 6). Intentionality is therefore an attribute as well as premeditated and that the fraud can range in a number of forms from financial statement fraud to simple embezzlement.

Deception

Accordingly, Ramamoorti (2008) describes the usage of deception, trickery and cunning by fraudsters. This narrows the definition to a form of manipulative power play, and because of that Ramamoorti recommends that the field of fraud as a study is beyond pure accounting and auditing, widening to psychology, sociology, criminology and anthropology. Using this type of interdisciplinary approach, argued Ramamoorti, would improve fraud "...theory development and in practice, in fraud prevention, deterrence, and detection" (2008, p. 522).

Misuse of employer's funds

The Association of Certified Fraud Examiners' 2006 definition of occupational fraud as: "The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organisation's resources or assets" (ACFE 2006, p. 6), brings in issue that the behaviour is for personal gain, and excludes the Robin Hood effect (stealing from the rich to help the poor) that could happen between individuals and companies (Willott 1990).

Abuse of power

There seems to be little doubt that executive fraud is seen as a subset of white-collar crime: "White collar crime incorporates those acts committed by a fraud or theft by members of the business community who have used their position of trust or responsibility to achieve the criminal objective" (Johnstone 1998, p. 124). In this statement there is the appearance of two key attributes: status and the abuse of power conferred to an individual from a position of trust. These form an important foundation for any definition of executive fraud.

Perpetrated by executives

The ACFE (2006) goes on to describe that all occupational fraud schemes have four key elements in common: the activity is clandestine; violates fiduciary (stewardship) duties owed to the victim organisation, is committed for the purpose of direct or indirect financial benefits to the perpetrator, and costs the employing organisation assets, revenue or reserves. This definition however, covers all occupations within the organisation. Zahra, Priem and Rasheed (2007) formulate a definition that covers top management fraud:

Fraud is the deliberate actions taken by management at any level to deceive, con, swindle or cheat investors or other key stakeholders. Fraud can take many forms that include embezzlement, insider trading, self-dealing, lying about facts, corruption, and cover-ups. ...Managers might also create schemes to hide or misrepresent what the firm does or how the firm does it. ...senior managers committing fraud wilfully undertake actions that mislead others. (2007, p. 122)

These authors bring in the issue of the managerial status of the employee and mention specifically 'senior managers' and the issue of how they do it, that is, the use of deceit, lying and cheating.

Abuse of trust

Agency and stewardship theories relating to upper level management. were reviewed with the conclusion that all managerial theories rely on a strong element of stewardship and trust (Albrecht, Albrecht, and Albrecht 2004). Those managers who identified more with stewardship were less likely to abuse that trust and defraud. Those identifying themselves as agents were more likely to not see the trust as a barrier, as when goals diverge, the executive will seek to maximise their own ends and not the organisation's. This ties in with the element of violation of fiduciary duty as a major theme of occupational fraud (ACFE 2006).

A working definition of executive fraud

To draw together the threads from the previous definitions, a working definition of executive fraud must include the preceding six components. Synthesising the above definitions the final step can be taken to develop a working definition of executive fraud for this study:

The premeditated (SAS 99 as cited in the American Institute of Certified Public Accountants Inc. 2002) use of deceit, trickery or cunning (Ramamoorti 2008) to gain corporate property for personal gain using complex financial statement fraud to simple embezzlement (Association of Certified Fraud Examiners 2006) by dishonest means, through the abuse of power (Sutherland 1940; Johnson and Rudolph 2008) by a senior manager in an organisation whose job it is to make major decisions (Zahra, Priem and Rasheed 2005) the conduit for which is the established position of high trust and stewardship of an organisation (Association of Certified Fraud Examiners 2006).

With this definition in mind, it will be easier to focus on what is being studied in the investigation and assist in selection of individual cases that can or cannot be included at the data collection stage.

The impact of fraud and popular explanations

A detailed discussion on the impact of fraud, statistics, the reporting of fraud, fraud theories and the disparate nature of scholarship in this field, is included in Appendix B. Most recently, the ACFE's 2010 Report has stated an estimate of a global loss of \$2.9 trillion due to fraud. The Report goes on to say that one quarter of the reported frauds were in excess of \$1M, with an average of the remaining undetected for 18 months. Small businesses were cited as vulnerable due to the lack of anti-fraud controls. Executives (together with owner-managers) who stole from their employer company were nine times as costly as employee frauds and much more difficult to detect (ACFE 2010).

Serious fraud in Australia

In the absence of comprehensive data, only indicators from specific studies/time periods to infer the incidence of executive fraud in Australia can be used. The Australian Institute of Criminology (AIC) gathered data for two years of serious fraud offences in Australia. They are classified as serious fraud (Australian Institute of Criminology and PriceWaterhouseCoopers 2003) by the amount defrauded (over \$AU 100,000), but a number were not corporate executive based fraud.

Table 2. Numbers of types of serious fraud in Australia 1998-99.

Type of Fraud	Total number of cases in Australia, 1998-1999
Obtaining finance/credit by deception	33
Cheque fraud	30
Investment/trust account fraud	21
Misappropriation of funds in the private sector	20
Obtaining goods/services by deception	15
False accounting	9
Dishonestly using government funds	8
Dishonest sale of goods	5
Miscellaneous	6
Total	148

Adapted from Australian Institute of Criminology, 2003

The table above reflects about 70-75 cases of serious fraud per year in Australia that could be undertaken by employees, depending on the classification by the AIC in their data collection. Unfortunately it does not give the clearer picture required for this study, having omitted the occupational status of the perpetrator. In fact, there is no survey that defines fraud by occupational status in Australia. Looking at the perpetrators of a small sample, management was responsible for 32% of reported frauds, at an average of \$AU 515,620 per case in the financial sector (KPMG Forensic 2006). Management committed 22% of serious fraud, which accounted for 53% of the total loss. There are few statistics or empirical work on fraud, let alone executive fraud.

Major relevant fraud theories used today

Similarly, theories have developed over time, from the psychological, sociological and criminological fields, but there is nothing to explain executive fraud per se. Appendix B outlines in more detail the various theories that have been used to explain fraud. For the discussion, the two most popular theories regarding the detection of fraud are ‘The Fraud Triangle’ and its associated ‘Red Flags’, which are worthy of a brief mention but are discussed further in Appendix B. These two theories dominate the literature and are encoded now in the US auditor practice in order to detect fraud (American Institute of Certified Public Accountants Inc. 2002).

The Fraud Triangle

After interviewing 212 male fraudster prisoners, Cressey (1973) concluded that three conditions (like three corners of the triangle) must be satisfied in order for a fraud to take place: pressure, perceived opportunity and rationalisation. He found that the general explanations of greed or immorality did not fit with what the prisoners said. Their reasons for committing the fraud were: personal gain, living beyond means, debts, temptation, greed, gambling, drugs and alcohol, contempt for the organisation or low pay, desire to lead the wild life, family problems, emotional or mental illness, outright dishonesty, desire to blackmail the company and finally, needed a 'loan'. Men's initiating pressure is reported to be status seeking in a sample of convicted casino gamblers, whereas women casino gamblers are reported as protecting their families (Albanese 2008).

Red Flags

Red flags are warnings that a fraud may be taking place. Auditors in the USA are now having to report on these in their normal reports and include personal characteristics of management as well as the prevailing culture etc. The characteristics were listed from research by a team led by Marshall Romney (1980b) from interviews with jailed fraudsters. They immediately advocated auditors to take the Red Flags up in their daily practice (Romney, Albrecht, and Cherrington 1980a). This later became enshrined into auditing regulation (American Institute of Certified Public Accountants Inc. 2002).

Of concern to this study on impression management are the Red Flag personal characteristics. These were: rationalisation of contradictory behaviour; lack of ethics; a 'wheeler-dealer' personality; lack of stability; strong desire to beat the system, dishonesty in their background, poor credit rating and financial status. When these were coupled with 'situational pressure' Red Flags of: high personal debts or financial losses; inadequate income for lifestyle, extensive stockmarket or other speculation; excessive gambling; undue family or company expectations; excessive use of alcohol or use of drugs; perceived inequities at work; resentment of superiors; frustration with the job; peer group pressure and undue desire for personal gain then fraud was very likely to happen if there was a rationalisation process and opportunity in place (The Fraud Triangle).

The wide-ranging list of Red Flags is seen as not very helpful (Pincus 1989) and needing major rework (Cohen et al. 2008). Latest results from the ACFE Report (2010) states that reasons for occupational fraud were living beyond ones means accounted for 43% and

financial difficulties represented 36% of the cases. This corroborates the earlier ACFE Report (2008) on occupational fraud, which indicated that living beyond one's means, financial difficulties and 'wheeler dealer' attitude were present in many cases (41%, 36% and 19% respectively), but by no means all. Whichever point of view taken, there is still great difficulty in pinpointing fraudsters (Peterson and Gibson 2003).

Why has fraud not decreased?

Surprisingly, the example of courageous whistle blowers, like Sherron Watkins at Enron, has not stopped the overall increase in fraud. Yet, the Association of Fraud Examiners (ACFE) Executive Summary stated unequivocally:

Our data supports [sic] the use of confidential hotlines and other reporting mechanisms as a fraud detection tool. Occupational frauds are more likely to be detected by a tip than other means such as internal audits, external audits or internal controls. The importance of encouraging tips is evident in cases involving losses of \$US 1 million or more. Forty-four percent of the million-dollar frauds were detected by tips. This is more than twice the rate of detection by internal audits and three times the rate of detection by external audits. (ACFE 2006, p. 4, ACFE's italics)

The ACFE report found that less than half of the banks in the survey had installed hotlines, five years after Enron filed for bankruptcy protection and the massive corporate fraud was exposed. However, in the same survey, nearly half (48%) of the identified executive/owner frauds were exposed through tip offs from informants, both inside and outside the company.

Tip offs work

Tips therefore are regarded as the most important tool to detect and deter executive fraud. Generally, tips came from a variety of sources. From the ACFE's sample of tips: 64% were identified from employees, 18% were given anonymously, 11% from customers and 7% from suppliers. Extrapolating this figure to all executive/owner frauds (somewhat tenuous but they are the only data available) implies that the tip off rate from employees was 31%. The remaining 17% were from outside the company or anonymously, the latter of course could still include company employees. As the ACFE reports (2006; 2008) maintain, tip off rates for executives/owners are higher as these fraudsters have more power in the company and can override the normal controls of internal and external audits. Therefore, company informants appear a much more powerful means of exposure of executive/owner fraud than traditional forensic accounting methods.

If there is a good number of tip offs coming from employees about executive fraud, why then is the rate of exposure not higher? Attitudes towards hotlines are generally positive (Childers 2009); with accountants mostly in favour compared with other groups, seeing the costs of the hotline installation and maintenance as a way to offset the losses that can occur (Flesher 1999). Information about fraud would probably come from a person who is connected with the fraudster, that is, someone who is close organisationally, and has a developed sense of moral reasoning (Hooks et al. 1994). Informants are more likely to be more altruistic than others, prosocial in their outlook and able to resist organisational retaliation (Dozier and Miceli 1985). Hooks et al. use Rest's Four Component model for moral behaviour and action: the whistle-blower must be sensitive to the wrong-doing, that is to see the fraud for what it is; apply moral reasoning to which behaviour to utilise; to use own values in making a decision, and finally and the most difficult component of all to apply, having the moral strength to carry out the informing process (Hooks et al. 1994).

Immorality or blindness?

Thus sensitivity is the foundation to whistle-blowing behaviour; co-workers have to see the fraud for what it is and commence to make ethical decisions about it. Given that whistle-blowing is the best way to stop executive fraud, it is obvious that this sensitivity should be encouraged. However, what about the people who do not report the fraud who are close to the fraudster? Do they see the fraud reflected in behaviour, but not mention it, or are they really blind to it? If they are blind to it then the next question should be: Why is this so? It is the same conundrum that faced the listener to the fairy tale of the Emperor's New Clothes. That hoax was based on an illusion. Is this what happens with co-workers close to fraudster executives?

These questions demonstrate that it is vital to understand the social interaction process and especially impressions gained by recipients of social interaction, as the impression of non-fraudulent behaviour appears to work on some people but not all. To further penetrate social interaction and impression management, the interactions between executive and co-worker have been targeted. Typically these co-workers can be direct reports, upline managers, or personal assistants. The investigation centres on the illusory nature of their interaction in depth in order to explore what is experienced. But before the research question was formulated it was necessary to place the investigation within a theoretical framework.

Theoretical context

The theory of impression management

Goffman (1959) developed his theory of impression management in his book '*The Presentation of Self in Everyday Life*'. Goffman argues that social interaction can be viewed as a joint production between an actor and his or her audience. The actor performs to persuade the listeners of the role that he or she is playing. The listeners by their usually passive act of listening, support that role accordingly through belief, and when things go wrong, use tact and other embarrassment reduction techniques. Goffman considered that this dramaturgical approach is an integral component in all daily interaction, which of course, includes management and employees within an organisation.

However, within the context of the organisation, power and authority impose restrictions on a normal impression management process. The following quotation illustrates this well: "Even the frankest and bravest of subordinates do not talk with their boss the same way that they talk with colleagues" (Robert Greenleaf, cited in Rosenfeld and Giacalone 1991, p. 7). Marshall Clinard (1983) found that there was a tacit agreement regarding lack of information between middle management and their aggressive mobile top executives who really did not care about the future of the organisation. Goffman's work was to introduce the idea of performance in everyday life, but his critics argue that he left the empirical component to others (Manning 1992). However there is no doubt that impression management applied research has proliferated including in the field of management (Jayakody 2008; Mangham 1990; Wood and Mitchell 1981).

Impression management developed in the Chicago school tradition of consensus based sociological empiricism and symbolic interactionism (Blumer 1969). It has been used as the basis of many studies, primarily in the social psychology arena to explain why people lie and deceive in experiments as well as in real life (for example, Gardner and Martinko 1988a; Leary and Kowalski 1990; Rozell and Gundersen 2003).

Power and control

Interestingly, diametrically opposed to consensus theory, conflict theorists have been attracted also to impression management and its dramaturgical context, as it explains power relationships within social interaction (for example, Chriss 1995). In Goffman's (1959) theory of impression management, he quite explicitly states that impression management is a

method of control, and that a senior manager or a con man will try to control his target audience's perception of him. The audience too holds power because if it detects any interruption or contradictory signs, disbelief will reign, and once that happens it is almost impossible for the actor to regain the audience's trust. By investigating social interactions say the conflict theorists, innate power relationships become manifest (Young 1980).

Attributed as the most widely used taxonomy of power in organisations is the French and Raven's (1960) classification of power in social interaction, they stipulated five types of power. Originally used for supervisor-subordinate relationships, the taxonomy has now developed by Raven and other scholars to 14 types of power, covering all power relationships in daily social interaction (Elias 2008). However, the variations reported are subsets of the original five used in the workplace. Managers may have great power in that they can fire an individual but they need not resort to such an extreme measure in order to make use of their power, possession of the threat of termination is the lever for power in the workplace. The original taxonomy is based on: reward power is founded on compensation, coercive power on compliance, legitimate power is having the justifiable right, expert power relies on superior knowledge and referent power is based on the subordinate identifying with the power holder. Informational power was added by Raven later (1993), which is explaining to the person why he or she should comply. According to Elias (2008), Raven later developed a power-interaction model, which identified motivation to influence, positive or negative; assessment and choice of available power bases; implementation and after effects (1993). All stages would of course be intrinsically involved with impression management delivery and reception.

Illusion

Impression management theory was chosen for this study as it also offers a different and interesting perspective for the illusion mechanism and its influence on its recipients. To use Goffman's dramaturgical phraseology, the illusion is daily social life, full of symbols and shared understandings. In this context, the stage is the organisation, with the actors (executives) and audiences (staff) playing their respective roles. It is by using this construct that the subtleties and nuances of the interactions of fraudster and non-fraudster executives and their employees can be studied. Being an executive in an organisation requires the individual to be in a role, and acting out that role according to the expectations of others is a tightrope of balancing expectations from different groups (Adobor 2006; Burke 1988; Gabarro 2007). This results in behaviour where the same executive has to play variations of

his role to different audiences, for instance, shareholders would be talked to differently than subordinates, to meet their dissimilar expectations. Being 'all things to all men' is a difficult task to balance and checking that employees have received the performance is another important aspect of the overall act (Shore, Bommer and Shore 2008).

Impression management has been used by many researchers in the executive corporate world (for instance, Gray and Densten 2007; Harvey 2001; Palmer et al. 2001; Wayne and Liden 1995). The premise of impression management states that the executive would play her role as an actor, and her colleagues, subordinate managers and personal assistants among others, would receive the act as an audience. This theory fits very well with the phenomenon at hand, as it is focussed on the micro-social interaction between actor and audience and in this study the impression management process of the audience. Goffman states early in his treatise in *'The Presentation of Self in Everyday Life'* that even without taking the actor's objective in mind, it is in the actor's interest to control the reaction of his audience. "Thus, when an individual appears in the presence of others, there will usually be some reason for him to mobilize his activity so that it will convey an impression to others which it is in his interests to convey. (1959, p. 3)

The element of control implied in impression management would be particularly relevant for ordinary daily behaviour of executives, and possibly even more so for those executives who defraud their companies. Therefore, impression management is chosen as a theory appropriate to the 'illusion creation' process in the interaction between executives and their co-workers, which this investigation explores.

There has been little application of the concept of impression management to executives who would deliberately harm an organisation (for example, Bligh et al. 2007; Conger 1990). Goffman predicted that executives would use impression management in their day-to-day social activities including those who wish to deceive an audience. He said that they would be working as hard as those who are legitimately trying to prove that they will do no harm. However, cracks should show over time due to the immense stress entailed in keeping up such a false impression. Others corroborate this phenomenon, such as Grover (2005). Goffman himself predicted that in times of extreme pressure there would be a revelation of the true character of the executive (Goffman 1974).

This leads to other questions: Does the audience of the executive fraudster pick up any clues over time? Did recipients witness the fraudster executive under severe stress? If so, did they see the true persona? The frauds committed by most executives go on for some time, usually several years, so there may be instances when the audience of subordinate managers and personal assistants perceive abnormalities in the executive's impression management. If that is the case, what are they? Interesting as these questions are, at this point it is necessary to more formally lay out the structure of the investigation and the research questions themselves.

Nature of social interaction

The kind of process that goes on between executive fraudsters and co-workers, which is the focus of the investigation, is a social interaction. This type of interaction is seen as an ever-changing succession of social actions between individuals, who adapt their reactions to each other. It is a dynamic process of social interchange, not 'one-off' individual and/or independent actions. To engage, both sides must understand and share the meaning of what is going on between them. A traditional explanation of interaction is the consensual approach espoused by social interactionist writers led by Mead (1934) Simmel (1964), Blau (1964) and Blumer (1969). Social interactionism has held sway over many decades and still holds credibility (Kollock 1994). The theory assumes that society is composed of self-interested individuals who seek assistance from others to achieve individual goals that they cannot achieve on their own. Two or more actors, each of whom have something of value to each other, conduct a transaction. The application to executive management is immediately appealing. For instance, an owner of a manufacturing concern needs labour to produce products. Men and women need to have food and shelter to survive. The decision is made by the two parties to exchange labour for wages, and vice versa, and there is agreement as to the amounts. The exchange is purportedly made on an unemotional, rational basis, and relies on self-interest and mutual interdependence between quite separate individuals (Lawler and Thye 1999).

Social exchange

These ideas have led to the development of social exchange theory (Blau 1964). Blau distinguished an 'anticipated reciprocity' based on two premises: that if an individual receives a benefit from another then he or she has to give in return, and secondly, that no harm should be undertaken against those who have helped that individual (Emerson 1976; Shore, Bommer and Shore 2008).

By giving their loyalty to an executive, social exchange theory would predict that co-workers would expect that the executive would therefore look after their interests. Another salient point of exchange theory is that winning 'brownie points' with others accumulates power. To use Blau's words:

An apparent 'altruism' pervades social life; people are anxious to benefit one another and to reciprocate for the benefits they receive. But beneath this seeming selflessness an underlying 'egoism' can be discovered; the tendency to help others is frequently motivated by the expectation that doing so will bring social rewards. (1964, p. 17)

Accordingly, an individual may only be given power if he or she has earned it. To extend this line of thinking to executive behaviour, employees will 'grant' power once the executive has done something to deserve it. Gabarro (2007) found support for this in his longitudinal study about executives parachuted in to new units. He found it took senior managers much longer than expected, by as much as two to three years, to successfully take charge of their new units or divisions. Gabarro assigned this slow process to one of massive learning and integration. However, Gabarro found that the most important factor for predicting the success of the new executive was making relationships (that is, making good impressions) with key people within the new section in the first year. Whitener et al. (1998) found that a precursor to social exchange was trust. The audience would appear to want to be able to trust the executive in their impression management.

It is now known that contexts impose limits on impression management for instance, computer chat rooms (Becker and Stamp 2005), and the context of organisations (Biehl 2008; Kendall 2004; Kidwell 2004). But as Rosenfeld and Giacalone (1991) write: "However, in 1979 when we thought that impression management might be applicable to organisational settings... most people felt the idea was not worth pursuing" (1991, p. 7). Consequently it was not until the mid 1980s that organisational impression management literature began to appear as a separate entity and to discuss and research these issues within organisations in depth.

Dishonesty as an illusion

One of the basic issues in organisations is honesty in communication (Williams et al. 2009). Honesty has been seen as a virtue of social consequences, it is about reality and telling it as it is, despite the pain that truthfulness may cause to the listener (Grover 2005). Those who tell lies are weaving an illusion (Broughton 1995) and others do not then know what the reality

is. They take in the illusion and it proves harmful to them (Grover 1993). In addition, Smith (2003) argues that creating illusions is ultimately self destructive as ultimately success in life actually depends on reality. And there is a twist in who can be honest and who cannot in the face of a liar: “The dishonest man is secretly counting on a double standard: dishonesty for himself and honesty for everyone else. At the deepest level he is counting on everyone else not to fake reality so that he can get away with faking it - in other words, he wants other people make his unreality real” (Locke and Woiceshyn 1995, p. 143).

Some commentators argue that the use of honesty is the crux of social interaction to be real. To use Rand’s words, “Honesty is not a social duty, not a sacrifice for the sake of others, but the most profoundly selfish virtue man can practice: his refusal to sacrifice the reality of his own existence to the deluded consciousness of others” (1957, p. 945). Sissela Bok (1978) outlined a *Principle of Veracity*, which makes the moral assumption that lying is wrong because if the world is composed of lies the individual cannot trust any social interaction, therefore everyone benefits if lies are not told. Furthermore, honesty has to be reciprocal. Tara Smith (2003) is in agreement when she argues that dishonesty is the worst sin of all as it prevents rational thinking and stops individuals from achieving life goals. Dishonesty exploits others and finally does not change the facts – reality. A liar no matter how hard he tries simply cannot create reality. In conclusion she says: “The need for honesty stems from our self-interested need to respect the law of identity... Since the reason to be honest is self-interested and the facts necessitating honesty are inescapable, we have a compelling motivation for honesty” (2003, p. 531). That being the case, and this motivation exists for all, then honesty would be the best policy in managerial social interaction.

Deception

Despite all good and noble intentions, deception has been seen as a necessary part of business and that executives have to have a ‘special ethical outlook’ (Carr 1968). He went on to say that:

Most executives from time to time are almost compelled, in the interests of their companies or themselves, to practice some form of deception when negotiating with customers, dealers, government officials, labor unions, or even other departments of their companies. By conscious misstatements, concealment of pertinent facts, or exaggeration -- in short, by bluffing -- they seek to persuade others to agree with them. (1968, p. 172)

The potential of today’s management practice can therefore encompass a degree of cunning, lying, deceit and acts of omission to gain power over competitors (Takala and Urpilainen 1999). An explanation from Livingstone Smith (2007) gave reasons for how lying and

deception became part of the human psyche, evolving for millennia to assist in everyday living. Essentially lies are not tolerated within the tribe but are used outside the tribe. This explanation would cover lying to outsiders, presumably for strategic reasons, however, as Smith argued (2003) there are no differences in lying (apart from severity, she claimed) as all lies are dishonest, disregard reality, harm the listeners in the short run, and the perpetrators in the long run.

Social exchange theory (Blau 1964) does not explain such conflict as enduring. It is seen as merely a temporary imbalance in social relationships. This does not fit well with executive fraudulent behaviour that carries over years, in some cases that have been established as part of this investigation up to eight years. Organisations are a theatre for some business owners and executives to create fraudulent activities for their own gain. Other explanations of greed and exploitation are required. The adage that 'power corrupts' is often quoted in the political sphere, but it is also very applicable in businesses and its management (Ashforth and Anand 2003).

Business ethics

Business ethics as a field grew in the 1970s (Brinkmann 2001) with the concern of lack of morality in business practices (for example, Lacroix 1976). Several decades later, Mintzberg (2004) and Drucker (1999) two management experts, were equally concerned about management practice being unethical and immoral and sought to raise management's game regarding organisational control and the environment. Business ethics can be classified on several levels: the personal, the institutional and the macro level (Zimmerli and Asslander 2007).

Focussing therefore on the area most relevant to the investigation, ethical leadership itself is not itself a single construct. There is debate over what it is and how it can be learned (Brown, Treviño, and Harrison 2005). Similarly, Gini (1997) contends in a mix of the person, the job and the context as well as the goals that are to be achieved all have to be taken into account. There are many writers on this area, and some use religion as a basis of a value system for moral leadership, for example Ryan (2000) uses Islam as his normative value system.

Ethics is a largely normative discipline in approach aimed at improving management practice (Moore 2008; Price 2003). However, there is a growing body of empirical work to

support ethical leadership (De Hoogh and Hartog 2008) and to explain that when unethical managers produce unethical work practices that these undesired practices can spread to other workers in the organisation (Fleming and Zyglidopoulos 2008; Ghosh 2008; Pelletier and Bligh 2008; Trevino and Youngblood 1990). But as Weymes (2004) noted:

Despite the plethora of articles and books that have appeared over 25 years to support this 'new' approach to management, organisations and CEOs are still bound by return on investment and shareholder value. Hard numbers and stock market performance continue to dictate and define performance, while an organisation's impact on society and the environment receives only passing comment. (2004, p. 88)

Other critics of modern management have come forward in the last few years, (for example, Conger 1990; Hogan 1994; Konovsky and Jaster 1989), who describe despotic coercive management practices that are incompetent and inefficient as well as highly destructive to workers. Recently there has been a development of the construct of transformational leaders (Burns 1978). This is seen as the emergence of a new style of manager, empathetic, visionary, ethical and emotionally aware (Bass and Steidmeier 1999; Tucker et al. 2006) as opposed to transactional leaders who are generally considered to be old style, authoritarian and coercive (McCarthy et al. 2008). In addition, transformational management is seen as a moral approach to business practice (Turner et al. 2002; Bass and Steidmeier 1999). However, criticism of managerial morality continues unabated with immoral or even amoral management seen at the top of business organisations and dishonesty and lying appearing to be rife inside and outside organisations (Williams et al. 2009). What is needed is a theory that can explain the normative against actual social interaction; the observed against the implied, even if micro actions have to be analysed.

Structure of the thesis

The title of this study is '*Exploring recipients' perceptions of impression management in the workplace: Insights from comparing fraudster and non-fraudster executives*'. It purports to do this by investigating the recipients', (the staff working closest with executives) own perceptions of social interactions, that is, impressions, as expressed by the executives. The research question is developed from a general exploration of: how do recipients' of fraudster and non-fraudster executives compare in their reception of impression management as conducted by those executives? To the specific questions of

By comparing recipients' perceptions, what are the forms of impression management of fraudster and non-fraudster executives? Does the impression management vary between the two groups of recipients? What is the source of the differences?

The guiding objectives of the research are:

- To explore, from the recipients' point of view, the impression management of a group of executives, named fraudsters.
- To explore, from the recipients' point of view, the impression management of a group of executives, named non-fraudsters.
- To explore the attribution of morality and authenticity as implied by Goffman's (1959) concept of impression management, which recipients contribute to executives' impression management.
- To develop insights in understanding the impression management behaviour used by executives and their recipients, and by the two groups of executives in particular.

This study addresses the research question in this Chapter and Appendix B by:

- Outlining the most popular theories about fraud.
- The Fraud Triangle theory.
- Red Flags theory.

Chapter Two applies impression management theory to this research context. The literature on impression management is quite complex as it has evolved through a number of different schools of thought and they treat the concept quite differently. The following questions are addressed:

- What is impression management?
- How and why was impression management developed?
- How do the preconditions of impression management fit with the question at hand?
- What is the previous evidence of impression management by executives?

Chapter Three outlines the research approach, the paradigm used and the methodology selected. There is a description of the research philosophy, its ontology and epistemology. The data are audience members' reminiscences of impression management by executives. The reminiscences vary in length and quality and are highly subjective. Thus the study is not quantitative in approach confirming a hypothesis; rather it is a qualitative enquiry. The data are one step removed from the executives themselves, but reflect the impression management that the participants experienced.

From this, the research design was produced. From the range of interview methods available, two were used: invitations to recipients to tell their story about the executive, which was free ranging and unstructured, followed by a semi-structured interview guide for data collection

regarding their perceptions of known fraud factors. These were conducted face-to-face across Australia and recorded for transcription and analysis. The theory of content analysis is covered using the protocols of grounded theory, including the unit of analysis, coding choices, the categorising process, the constant comparison process and theoretical sensitivity. Grounded theory is able to let the data speak as long as the researcher knows her bias and involvement within the research process. Grounded theory has been used in management and leadership studies demonstrating different and interesting perspectives that would not have evolved using quantitative approaches (Conger and Toegel 2002). The analysis yielded nine themes that are described in detail in Chapter Four.

The remaining data not used in the body of the thesis are presented in Appendix A with the qualitative data demonstrated in the fullest way to show the data supporting the nine themes. In Chapter Five there is discussion about the illusion creating activity of the disguised impression management. Chapter Six refers to the underlying theoretical factors to executive impression management and in Chapter Seven there is development of a conceptual framework regarding the types of executive impression management. Finally, Chapter Eight concludes the thesis with limitations of the study and possibilities for future research.

Some boundaries of the study

This research is not about whistle-blowers, neither is it a leader-centric study, nor is it about executive fraud practices per se, or organised crime fraud. Neither is it about organisations. Rather it is an attempt to discover if there is a consistent, identifiable process of ‘illusion creation’ that senior executives engage in, **as seen by those around them**. This makes the study unique in its emphasis, as the participants of the study are in fact recipients of impression management given off by executives. It is posited, that if there is such a process, then for the fraudster executives who have the most to lose, (if the illusion to cover up deceptive activities is shattered), is their impression management in fact any different from the non-fraudster executives in this respect?

The theory chosen for this study is Goffman’s impression management. The context of executive fraud has been selected as the area of study of impression management for three reasons. First, the literature on executive fraud needs a fresh approach in order to address current gaps in knowledge and at first glance, impression management offers some utility in being that fresh approach. Second, executive fraud was chosen as ‘trusted’ employees steal

over a long period of time, yet no co-worker picks up the clear disparity in fraudulent actions and the impression management persona of 'good employee'. For example:

A former senior officer with [an Australian Commonwealth Department] has been sentenced to four-and-a-half years jail for defrauding the Commonwealth of more than \$1 million.

Paul Wagstaff, 51, had pleaded guilty to four counts of fraud for running a scheme... between 1995 and 2001. The New South Wales District Court heard that Wagstaff used the money to pay off gambling debts.

Judge Peter Berman found Wagstaff abused his position as a trusted employee... (ABC News, 2003)

In this case, the fraudster stole over a period of 6 years. Colleagues worked closely with him and he reported to senior management. No one sensed that anything was wrong. This makes a complex issue for impression management theory, the audience is meant to detect the falseness of the fraudster's actions, particularly over a long period of time, yet this clearly did not happen. Is impression management theory too simplistic perhaps? Has impression management outrun its significance in today's context? These questions need to be raised within the context of the study.

Further parameters need to be put in place for the investigation. Financial statement fraud is not investigated, rather this study concentrates on the defrauding of employing organisations of funds for personal use (ACFE 2006). Also, the frauds are internal to the organisation and not external to customers, for example selling swampland for building lots, questionable investment schemes or tax frauds. The study is directed on the type of fraud that executives commit for their own personal gain. Finally the frauds will cause a significant loss: in excess of \$AU1 million over a period of time, which ignores many minor frauds committed by executives such as credit card misuse or false expenses reimbursement.

As the study concentrates on those who work with the executives, rather than the executives themselves, it was found that there is less emphasis in the literature to ground this follower-centric approach. After an extensive literature search, it can only be concluded that there is little academic interest in executive influencing processes from the subordinates or followers' point of view. Several authors including Meindl (1995) Jayakody (2008) and Bligh et al. (2007) come to the same conclusion in their reviews of leadership behaviour studies, and are critical that most studies on corporate leadership are leader-centric in their focus. Furthermore, there are even fewer researchers interested in those who have worked with fraudulent executives. Pelletier and Bligh (2008) state that they were unaware of any study of employees' reactions to executive unethical behaviour.

Significance

There are three areas of significance of this study:

1. It adds to the discourse on the prevention of occurrences of executive fraud, the single most damaging fraud in companies. We know that whistle-blowers form only a very small percentage of employees. It appears that the social process of the receipt of the illusion from executive to co-worker forestalls whistle-blowing. If companies became more aware of this process and put effective strategies in place regarding the breakdown of a normal social process, this could result in:
 - a. Decrease in fraud losses for companies and their shareholders.
 - b. Decrease in disillusionment with management from workers and shareholders.
 - c. Enhancement of ethical atmosphere in the organisation to allow fair profits to be earned and distributed.
2. In addition, this exploratory study will contribute to some understanding of the theory of impression management as it relates to impression management by executives in the workplace. Goffman (1959) after writing his theory of impression management later scrutinised exceptions of the impression management theory to make the theory robust, so much so that it is still popular some 50 years later. This study is an application to another exception of impression management theory, analysing the social interaction between fraudster executive (who should not be able to keep up the façade of an honest executive) and co-worker (who should be able to detect unauthenticity and immorality in the performance). As the frauds were generally perpetrated repeatedly over a long period of time, and not ‘one off’ transgressions, there has to be more which explains the impression management process within this context. Thus this study will make a small but worthy contribution to the existing body of knowledge on impression management.
3. No one it seems has researched this area of impression management or executive fraud from the co-workers’ point of view. Scholars have ignored the recipients of executive impression management. This investigation therefore addresses this omission in some small way and adds their voices into scholarly work.

The next chapter reviews applicable theory and empirical research on impression management and fraud.

Chapter 2: Literature on Impression Management

This chapter has two parts the first part is the use of impression management in empirical work notably with leadership and social psychology. The second part is exploring and understanding the theory, which Goffman outlined nearly 60 years ago, and its application to social interaction today. The third part is an exploration of studies that used impression management as negative activity as opposed to those who viewed it as prevalent inescapable part of social interaction – the more positive view of impression management.

Impression management and leadership / executives

Impression management is seen as an integral part of leadership (Bromley 1993; Collinson 2006; Conger and Kanungo 1987; Hogan 1994; Hogan and Hogan 2001; Hogg 2001; Lord and Brown 2001; Paunonen et al. 2006; Sinha and Jackson 2006; Sosik, Avolio and Jung 2002).). It is seen as an activity operating internally (Kingsley and Westerman 2010) or externally to important audiences of the organisation (Westphal and Graebner 2010). Impression management can be viewed as a positive characteristic, but it is often viewed as a negative trait. For instance, “Narcissism that includes Machiavellianism and impression management tendencies represents a dark side to personality which, if not controlled, should lower perceptions of leadership ability significantly...” (Paunonen et al. 2006, p. 483). Furthermore, it was predicted that as soon as the dark side of narcissism was demonstrated in interactions with colleagues, they may self-destruct as they lose the loyalty of their subordinates (Hogan and Hogan 2001). This type of executive as Hogan (1994) stated earlier is seen in: “...those cases where managers with excellent social skills ultimately derail, usually because they are unable to build a team” (1994, abstract). Goffman also observed that the status of an audience profoundly affected the self-presentations of leaders. Early research has tended to confirm this with executives. Gardner and Martinko (1988a) found that ingratiation by senior managers occurred more with higher status audiences than lower status audiences.

Furthermore, Gardner and Martinko found that leaders in organisations when reporting to the Board or similar used identifiable strategies to control their audience (1988a). These included entitlement or enhancement strategies, where the actor favourably described him/herself, or portrayed other people or events that cast a favourable light upon the actor, or take credit for a favourable outcome. The use of flattery was often used for higher status audiences as well as compliments about the audience. In addition, favours asked or given are also seen as part of executive self-presentations.

Several researchers have found that impression management can control upwards as well as downwards in the workplace hierarchy. Rao, Schmidt and Murray (1995), found that employees upwardly impression manage their superiors. While Vilela et al. (2007), found upward impression management in the sales environment. When surveying sales supervisors and their employees, they found that impression management from the employee was related to the supervisor liking the sales person. Supervisors also rated highly when perceiving salespersons interpersonal skills. In addition, a different study found that impression management was related to employee behaviour towards the supervisor (Wayne and Green 1993).

Turner et al. (2002) studied whether managers with different moral-reasoning levels exhibited different leadership behaviours. It was found that those with higher moral-reasoning levels tended to be transformational leaders. This supports the theory that transformational leaders use integrity, and higher moral reasoning with their subordinates, more than transactional leaders (Bass and Steidmeier 1999, Brown, Treviño and Harrison. 2005, Kanungo 2001, Price 2003).

Hater and Bass (1988) found that transformational leaders obtained higher scores from subordinates' ratings beyond transactional managers. Moreover, these transformational leaders were seen as top-performing managers. Interestingly, Podsakoff et al. (1990) found that the effect was at best indirect and that the subordinate's trust of the manager may mediate the impression management of the transformational leader. Additionally, executives who discourage white-collar crime have a strong sense of personal integrity (Bucy et al. 2008). Of interest to this discussion of transformational leaders, over half of the participants in the study said that they would check for an intact moral compass in any aspiring leader.

Dramaturgy in leadership

Mangham (1990) used dramaturgy to explain the strategies used by leaders in large enterprises. He found that to be a fine performer at impression management and as a leader was to be in control of the performance but not to allow the role to take control of the performer. In this way there would be a growth of self-awareness and the full potential of the leadership role to be played out. Also that the organisation should allow potential executives to have opportunities to practice their leadership skills, so they can rehearse and prepare for

their performances and to have the opportunity to play in front of an audience, to receive feedback, as a Stage Director would do for an actor.

In a different context, Merriman (2002) discusses the dramaturgy of work teams sharing secrets, and this would include executive management teams. He found that there were three types of secrets:

- Dark secrets that maintain group cohesion, which could never be disclosed to outsiders, are back stage.
- Strategic secrets, which can be disclosed to the audience at the end of the work task, over time they become front stage.
- Inside secrets which are used to define the group members, which are neither dark or strategic and not necessarily onstage at all apart from discussion in the group.

Social monitoring

Social or self- monitoring is a constant checking or regulation of the actor's impression management to his or her audience, to see if there is any effect from what the actor is saying. The performer wishes to look good in front of the audience and wishes for favourable feedback. This concept originated with Mark Snyder (1974) and explained the endless referring process that is engaged in by some individuals. As these individuals are more likely to initiate conversations, they may promote social monitoring activity in others, therefore high social monitoring employees get noted for leadership, so they gain acceptance by others quicker as it builds a referent power base (Day et al. 2002).

However, the 'looking good' behaviour is linked to low interpersonal commitment and produces less stable social bonds (Gangestad and Snyder 2000). This is because some actors perceive their jobs to be a showcase for promoting their ability and participants therefore move on too quickly to form stable bonds. Social monitoring is not related to existing scales to measure Machiavellianism, need for social approval, achievement anxiety or the inner-other directedness test (Snyder 1974). Social monitoring relies on an acute sensitivity to the emotion of situations. Skills include being able to 'read' others; understanding what is appropriate and what is not and to understand what to do comparative to others.

Inspirational, charismatic leaders use emotion to lead and are said to be high social monitors (Sosik and Dinger 2007). Moreover, Sosik and Dinger conclude the managerial implications of their study:

... managers who are high self-monitors, possess a high need for social power, and/or a low need for social approval may be most effective in reflecting their charismatic leadership behavior in inspirational vision statements. Inspirational visions have been proposed to elevate followers' level of commitment, perception of meaningfulness of their work, and willingness to make sacrifices for the organisation. (2005, p. 149)

Concomitant with this high level social monitoring is an interesting outcome of some earlier research where individuals are most likely to monitor their facial expressions in deceiving others, not their body language (Ekman 2006; Ekman et al. 1991). Overall, there is some currency in the idea that executives would use social monitoring, in particular fraudster executives as they do not wish to be found out.

Impression management and gender of executives

Greener (2007), found that there was a difference in gender in giving off impression management. Senior women managers in health settings generally had to use other, quite different tactics, than male executives, for example, mild flirting, in order to get things done and they felt that they could not get away with the back stage behaviours that males exhibited. Again, this attests to the fact that impression management is variable in its reception by the audience.

Public situations of managerial impression management

Konovsky and Jaster (1989) found that there were four categories of impression management that occur when an individual is 'found out' in a public predicament:

- Excuses, general in nature.
- Justifications – accepts responsibility but denies any pejorative interpretation of their behaviour.
- Concessions – admitting partial or total guilt, regret, offers of restitution.
- Refusals, which were denials of guilt, attributing guilt to others, and or total evasion.

Konovsky and Jaster said that:

One of the central problems of responding to infractions of ethical standards is that people generally do not admit to guilt or responsibility in these situations because their reputation would be called into question, they might be embarrassed, or they might be subject to punishment. (1989, p. 393)

They found in their study that managers tended not to accept responsibility in a situation where their behaviour was unethical. They wanted to project an outward image of success, rather than admit their responses were out of line. However, Tucker et al. (2006) looked at

impression management of a leader using an apology, instead of blaming, denying, ignoring the issue or refuting. The audience, paradoxically, quickly forgave an apology about incompetence and the apology was seen as a positive attribute of the leader. This in turn adds support that impression management can in fact be very positive on the audience, and can increase follower's self-esteem (Sidani 2007).

However, once self-serving was evidenced, that is, the wrong use of impression management in the audience's eyes, then followers would not measure the leader's work performance highly, regardless of that performance (Lam, Xu Huang, and Snape. 2007). Palmer et al. (2001), found that managers (including executives) mostly managed impressions through acquisitive behaviour, that is, gaining approval from the audience rather than protective where the individual is concerned with disapproval from the audience. Also, impression management from leaders was established with altruism but not to compliance behaviour in the exchange between leader and employees (Wayne and Green 1993).

Impression management as used in psychology and social psychology

No literature review of the theoretical applications of Goffman's work to senior managers can be made without reference to the vast body of research that developed from the 1980s in social psychology. The person most responsible for the expansion of self-presentation from sociology to psychology was E. E. Jones in the mid 1960s, when he redefined self-presentation to include people's attempts to control others' impressions of their personal characteristics.

However, it was the popularising of the negative notion of the individual may frequently attempt to control other people's impressions, as opposed to Goffman's theory that it happens all the time, that finally attracted psychologists to impression management. Jones subsequently contributed theoretical perspectives and a great deal of empirical research to the study of self-presentation (Jones and Pittman 1982). They presented a taxonomy of impression management strategies that are sought by actors in their performances. The table below is an adaptation of their classification of strategies of Ingratiation, Intimidation and Self-Promotion that could be used in the managerial context:

Table 3. Impression management strategies.

Strategy	Attributions sought	Negative Attributions risked	Emotion to be aroused	Locus of attention	Prototypical actions
Ingratiation	Likeable	Sycophant, conformist, obsequious	Affection	Pro-social	Self characterisation, conformity, giving favours
Intimidation	Dangerous	Blusterer, wishy washy, ineffectual	Fear	Self serving	Threats, anger, bribes
Self-promotion	Competent	Fraudulent, conceited, defensive	Respect, awe, deference	Self serving	Performance accounts and claims

Adapted from Jones and Pittman (1982)

Empirical studies on ingratiation as an impression management strategy has received much attention from researchers (Baumeister 1982; Christopher et al. 2005; Gardner 1992). Similarly, studies on intimidation have found that this strategy is less likely to be used until the manager is well entrenched in the organisation, whereas self-promotion would certainly be present from the job interview (Kristof-Brown, Barrick and Franke 2002; Rafaeli and Harness 2002) and afterwards (Jones and Pittman 1982). The negative attributions risked are seen as the danger for the audience to see through their impression management in this manner. However, it was the behaviourist usage in the 1980s that created more interest and it has become increasingly popular to explain a variety of interpersonal phenomena.

The negative strategic view of impression management

One of the biggest problems for social psychology at the time was that the subjects who were used for testing could be faking or distorting their results (Tedeschi and Reiss 1981). Goffman's theory of impression management explained the problems that were being encountered in university psychological laboratories with student respondents giving what they thought the researcher wanted, and it led to much discussion on the topic (examples are given from recent and later work: Baumeister 1982; Gardner and Martinko 1988a; Varma, Toh and Pichler 2006; Vilela et al. 2007).

Barry Schlenker, a leading social psychologist with colleague Michael Weigold commenced their article on impression management with the words (1992), "As social psychology has matured as a discipline, it has increasingly endorsed a more dynamic, purposeful and strategic view of human behaviour" (1992, p. 134). An example of associated area of research with this shared view includes Kelly (2000) who gives an overview of the use of impression management or self-presentation (the terms have been used interchangeably) in

the psychotherapy literature. She said that some authors view impression management as counterproductive attempts to manipulate or influence others. If they fall prey to these self-serving efforts, therapists will be manipulated or controlled by their clients' self-presentations, consequently they will not be able to help their clients. This negative view is consistent with Jones and Pittman's (1982) depiction of the way people strategically present themselves to others to manipulate those others and get their needs met.

When looking specifically at social anxiety, Schlenker and Leary (1982) proposed, using their behaviourist model that there are four problem areas regarding self-presentation that create anxiety in people: inadequate social skills, misconceptions of social inadequacy, unrealistically high standards of performance, and over concern about other peoples' judgements of them. The value that they felt by applying a social-psychological approach, implying that the root of the behaviour is within social interaction, is helpful, they maintain, in treating people with anxiety disorders. They refer to it as an 'expectant-value' model. Schlenker and Leary (1982) also felt that the literature and research lacked conceptual integration. Borrowing Goffman's idea about self-presentation proved to be very useful in providing a conceptual framework, they observed, but it is borrowed in a somewhat distorted fashion.

A strong movement in the social psychology school is the behaviourist view of the world where individuals develop conditioned responses to stimuli (Skinner 1938). Within the impression management context those who perform self-presentations are influenced by their own goals for interacting with others. This theme is still prevalent in recent research for example, Thornton et al.'s (2009) work on impression management strategies related to competence. The behaviourist approach is re-enforced through social cue triggers in the environment that can induce the self-presentation behaviour (Schlenker and Leary 1982). However, the motive to self-presentation is to maximise expected rewards and minimise expected punishments (Tedeschi and Reiss 1981). Schenkler and Leary (1982) also share the view with Goffman that self-presentation may not involve conscious deception and in fact, actors may do quite the opposite. Again, this is contrary to the authenticity argument that Goffman presented whereby audiences would detect such sham performances due to their 'giving off' impressions and conclude that they were fake.

The positive ‘not manipulative’ view

The behaviourist school is contrary to Goffman's view however, as he thought that every social action was a presentation of self, and not necessarily directly need related, it was purely about playing a role. In fact the audience requires the actor to be giving the necessary performance to meet their own needs (1959). Self presentation was a method of establishing one's place in a social order, for setting the aura of the interaction and for producing role-dominated behaviour. Goffman was primarily interested in understanding social reality, so he tended to ignore the importance of inner psychological factors. There are exceptions to this, for instance his treatment of embarrassment in *Ritual Interaction* (1967) in favour of external factors that are 'impressed' on the individual from the outside of his own self, that is the social world (Goffman, 1967).

Pauls and Crost (2005) found that faking on personality measures should not be seen as a threat to validity of personality tests. In their study of 123 participants who were asked to deliberately falsify responses to a semi-structured interview guide, they found that the faking was in fact a positive, adaptive, and probably predictive variable, demonstrating how well an individual can adjust to social situations.

Actor, audience and environment and all the inter-related complexities thereof, influence self-presentation. Gardner and Martinko (1988a) summarised that with verbal self-presentation, the following factors are at work that mediate the actor's responses: cognitive processes which include the actor's perceptions, attributions, motives and expectations; self concepts which limit what the actor considers as authentic and innate personality differences, such as narcissism and machiavellianism.

Leary and Kowalski (1990) refined the strategic model further as they felt that previous usage did not delineate between different facets of impression management. In doing so, they soften the hard-line behaviourist approach of behaviour-reward, by acknowledging that people in fact are not so goal oriented and are not constantly thinking about other's views of them, even to the point of being totally unaware of others. One example that they give is a moment of ecstatic joy. Understandably the individual would not be concerned about how he or she looked to anyone in such a moment. Furthermore, they admit that many patterns of self-presentation are habitual and unconscious and people can engage in this behaviour with little or no understanding of what they are doing. One of these situations they give as an example would be preparing to go into the boss's office. A quick slick through the hair and

putting on a smile on the face as the door is knocked, would be unconscious behaviour that is certainly directed at managing the presentation of self to the boss.

Softening of the hard line between views

The Leary and Kowalski team (1990) set out a two-part model, which conceives impression management as being composed of two very distinct processes of impression motivation and impression construction. Motivation is seen as a function of three factors: the goal-relevance of the impression that is desired, the value of outcomes and the discrepancy between current and desired images. Construction is seen as a determinant of five factors: the self-concept, desired and undesired identity representations, role constraints, the values of the target, and current social identity. In their discussion about their model of self-presentation, Leary and Kowalski (1990) refer to the literature that includes both the private and public self, and this points to the Lockean sense of self as the moderator of behaviour, the arbiter of ethics:

Our model explicitly highlights points of connection between the private self and impression management. Three such points are paramount. First, one's standards for self-evaluation are implicated both in motivating impression-relevant behavior and in determining the form that impression management takes. Second, one's private self-concept has an impact on one's self-presentational choices. Third, one's desired and undesired selves channel the impressions one attempts to convey. (1990, p. 44)

Thus the adaptation of Goffman's theories have come full circle with the inclusion of a sense of a regulating morality at the core of the self. Similarly, we see a return to Goffman's sense of self. Baumeister (1982) was quite explicit about the sense of self in social-psychological usage when dealing with the concept of impression management. He states that the concept "...does not imply that the self is created only by impressing others. A 'true', 'real', or 'private' self is constructed not by self-presentation but through one's choices and performances. Creating the self is a matter of self-presentation only insofar as it is concerned with establishing and maintaining one's *public* self, that is the image of oneself that exists in the minds of others" (1982, p.4; author's italics).

The origins of impression management

Goffman proposed that impression management is continual and present in every social interaction, even the most mundane. As the process is unremitting and out of sight, as researchers, how can impression management be noted as present? His surprising, but intuitive approach is to focus on the events when impression management is disrupted or fails. His first book contained chapters on discrepancies and communications that are out of character. Additionally, in later writing: *Interaction Ritual* (1967) and *Frame Analysis*

(1974) Goffman focuses mostly on disruptions, to illustrate the pervasiveness of impression management in social action. Any research that is undertaken to understand the process of impression management should, in line with Goffman's own original approach, study disruptions and discrepancies. Executive fraud is one such disruption to impression management and an ideal subject to research an opportunity to find out more about the core process at work.

Third, executive fraud is still a major problem for business as demonstrated earlier and in more detail in Appendix B. It is a good context to investigate the usefulness of impression management if it can 'explain' what is going on during the scene of actor-fraudster and audience. Should this exploration prove to be successful, it will contribute in some way to the application of impression management to a very complex series of social interactions over several years in many instances and may make businesses more aware of what an executive fraudster can do.

The previous chapter produced a working definition of executive fraud for this study, which relies on notions of intentional deceit by trusted stewards of organisation. This in itself is an interactive process between two or more parties: the organisations' owners, employees and the fraudster. The application of theory centred on the fraudsters' motivation, whether intrinsic or external, does little to explain the social dynamics between fraudsters and their colleagues. However, if misrepresentation or breach of trust is crucial to the definition of executive fraud then a relevant theory needs to address the dynamics of representation. This is the gap that impression management may well address in its appreciation of the depictive process in every day life. To use Goffman's own words:

Every person lives in a world of social encounters, involving him either in face-to-face or mediated contact with other participants. ...The other participants will assume that he has more or less wilfully taken a stand, so that if he is to deal with their response to him he must take into consideration the impression they have possibly formed of him. (1967, p. 5)

As impression management theory satisfies the purpose of the intent of the study, a review of the key elements, the empirical applications and some challenges and criticisms of the theory that are relevant, are undertaken in the following sections.

Relevant key elements of impression management theory in today's organisation

At this point it is as well to draw attention to the various components of impression management theory that are relevant to the study of fraudsters. This section outlines the

dramaturgical interplay of the actor and the audience, the importance of authenticity for the actor and the reciprocation process of the audience in organisations.

Dramaturgical focus

Goffman expanded on a perspective that human beings act like actors on a large theatrical stage (Watson 1982). The basis of this concept came twenty years earlier from a theatre critic Kenneth Burke in his book *'Permanence and Change'* (1935, cited in Young 1990). "Burke proposed that human beings are active communicators who express themselves and relate to others much in the same way that actors do when playing roles in a play on a stage before an audience" (1990, p.10). Taking the idea further, Burke wrote about the theatrical stance taken by social organisations and people within them. However, Goffman extended and elaborated this basic concept into a radical and innovative way of looking at the world (Perinbanayagam 1982). Goffman's ingenuity was to transfer the world-view of sociologists into the personal sphere, from the macro, as it were, into the micro. His ideas popularised a relatively unknown concept from 'the extreme into the mainstream' attracting researchers from sociology and later, social psychology and psychology (Giacalone and Rosenfeld 1991).

Many mistakenly believe that Goffman was taking a literal stance, but in fact he was using a metaphorical, figurative, dramaturgical approach. It was Burke, who was literal, who used the Shakespearean quotation: "All the world's a stage, and all the men and women merely players. They have their exits and their entrances; and one man in his time plays many parts, his acts being seven Ages" (Young 1990, p. 10), to exemplify his adherence to drama. Goffman however, transferred from the theatre and applied it directly into ordinary lives (Sinha and Jackson 2006). The following points raise two fundamental differences in Goffman's theorising, his definitions and the methodology he used.

Goffman's definitions

Goffman states his definitions in the introductory words to his seminal work *'Presentation of Self in Everyday Life'* (1959). He defines that a performance is an activity that is aimed at influencing the audience, each part of the performance is a routine and that when this is played over and over again it forms a relationship with the audience.

It is quite clear then, that Goffman took the dramaturgical idea of social life that Burke used, but extended it further as a symbol to understand daily life within its social context. Thus

impression management was involved with social interactions that incorporate actors and audiences, in a reiterative process of understanding and shared values.

Micro observations

Goffman pioneered the field of close observation, without audio or video recordings. He closely studied micro aspects of ordinary social life, not previously done before – apart from his social anthropologist mentor, Lloyd Warner (Collins 1986). This was in the day before qualitative methodology in business and organisational concepts were commonly used. Goffman's legacy includes many concepts. Stigma, labelling theory, and institutionalism are still current, decades after their publication. Goffman's work is robust theoretically and offers contributions to understanding of social concepts such as identities, interaction rituals, social power, culture, language, emotions and deviance (Brown 2003). Goffman's theories are still actively taught in sociology classes and have influenced thought concerning social action for nearly 50 years. But what he is renowned for today, and which is of increasing and lasting interest among social researchers is the concept of impression management. A major construct of impression management is the drama that is enacted, which puts the actor and audience in an interactive frame (for example among many: Clark and Salaman 1998; Stevens and Kristof 1995; Harvey 2001; Sosik, Avolio and Jung 2002).

After his initial influence from social anthropology, Goffman started to work and write on his own. *'The Presentation of Self in Everyday Life'* was first published in 1956, but most versions stem from the 1959 edition. He argued that people were like actors in their everyday lives and that they put on a show to their audience, whoever that audience may be for instance, their family, workplace or community. This was far beyond merely taking on social roles and role-playing. These were the very minutiae of day-to-day activity. Like theatre, he saw the audience had an effect upon the actors, who were in part controlled by the audience reaction (Young, 1990).

Reciprocating audience

In his opening remarks to *Presentation of Self in Everyday Life* (Goffman 1959) the reciprocal nature of the audience is firmly established:

When an individual enters the presence of others, they commonly seek to acquire information about him or to bring into play information about him already possessed. They will be interested in his general socio-economic status, his conception of self, his attitude toward them, his competence, his trustworthiness, etc. ...Information about the individual helps to define the situation, enabling others to know in advance what he will expect of them and what they may expect of him. Informed in these

ways, the others will know how best to act in order to call forth a desired response from him. (1959, p. 1)

Life is one big drama in the sense that it is ingrained that it is the outer self that constantly interacts with others, the persona others see. This persona is different from the inner self. The inner self is not exposed, there are only signs of its existence. Goffman felt that only under psychotherapy or by examining dreams could the true inner self be drawn out for the individual to see (Collins 1986). Upon awakening in the morning until going to sleep at night, the individual carries out performances in front of others. These performances are expected and accepted. These are far beyond mere ‘acting’.

Goffman identified that in each role there was an audience and this led to expectations to be met in a successful performance. Individuals and audiences are so expert in this daily interplay, that we are almost blind to what they do in the theatre of everyday life. In fact, Goffman makes a point that it is only when there is some disruption that the theatrical elements become exposed and recognised. The person and the audience then openly fix the disruption, the individual can be embarrassed, and use devices such as jokes, apologies, talking about other instances, to smooth over the inconsistency. Goffman defines these as ‘defensive strategies’. The audience however, uses ‘protective practices’, to preserve the social situation. Tact is seen as first and foremost the strategy that is used by an audience. Goffman observes: “It should be added that while we may be ready to see that no fostered impression would survive if defensive practices were not employed, we are less ready perhaps to see that few impressions could survive if those who received the impression did not exert tact in their reception of it” (1959, p. 14).

Dramatic realisation between audience and actor in the corporate setting

For executive fraudsters there would be the added element of activity or dramatic realisation. Goffman saw this as a problem for many people in their work activities who are outside the public eye. Whereas policemen, ambulance personnel and fire fighters work in public space, an accountant for instance, has little or no public activity apart from presenting reports of financial data (White and Hanson 2002). This means such performers are left with the conundrum of spending time to communicate their act, so that the audience will actually recognise it, or remain ignored. A sort of calculation takes place and performers may resort to expressing their public drama. They may be using their clothes, or actions, or who they circulate with, what they talk about, or the way they talk to enact their dramas. Goffman

notes that social climbers in particular (compared with career climbers), are ripe for examining the idealisation that takes place. The upwardly mobile tend to espouse what is seen as the best of the next social rung upwards and this is reflected in their homes, their possessions, even clothing. Does this in fact happen to the executive fraudsters who desire money to create the next social rung for themselves?

Idealisation of the act is a two-edged sword with executives, Goffman (1959) makes specific reference to the fact that many executives are unaware of their physical appearance. The audience (employers) want “to see ‘Hollywood’ types, good looking, tall, not smoking or drinking too much in the course of the interview” (1959, p. 47). However, the executives do carry out their performance very well once in situ: “...executives often project an air of competency and general grasp of the situation, blinding themselves and others to the fact that they hold their jobs partly because they look like executives, not because they work like executives” (1959, p. 47). And this is the point of impression management, not only do actors play the part; the illusory process is entrenched in daily life. To refer back to the Emperor and his new clothes, the Emperor wanted to look the part of the successful leader and therefore was vulnerable to the tailors who understood this social device implicitly.

The importance of the audience

Impression management at first appears to be a one-way manipulative process, but in fact it is a two-way process. The audience is the final critic and judge of what the actor is trying to convey. Impression management lives or dies on audiences’ reactions. For instance, Clark and Salaman (1998) used the impression management approach to gain a better understanding of the executive recruiter’s role in selection processes. They found the short-listed candidates were coached on the client’s vacant position but usually without any clues being given as to the identity of the organisation. The coaching process sometimes took several meetings, and sometimes involved videotaping, giving feedback to the candidate and advising on grooming, personal manner etc. By the time the preferred candidate was put before the audience, the employer had been groomed by the backstage manager of the executive recruitment company on the positive attributes of the candidate. The interview takes place and the candidate is able to field all possible questions, as the questions that were likely to be asked, were known in advance. The stage is likely to be the recruiter’s office, usually boardroom-like in appearance. If the audience appreciated the show, then the candidate is offered the job. And if it is otherwise, the employer is later persuaded to take the

same candidate, being told that this one, out of many others who have been interviewed, is the only one both suitable and available.

The above example by Clark and Salaman illustrates the dramaturgy of every day events and the reciprocal nature of the performance. Each player is undertaking impression management for others to view and therefore they act accordingly. If impression management is viewed as the organisation and collection of activities that project the inner needs and wants of the individual into a social situation it can be interpreted as goal driven. In the executive interview example there are several actors, the executive recruiter the candidate and the hiring employer. Each party wish to convey the 'right' impression of themselves. The executive recruiter wants to suggest the image of professionalism: as the fount of knowledge of all things regarding recruitment, of being polished and slick, ready to handle and steer any concerns of the audience with a steady hand. The primary objective of his or her activity is to obtain a fee for the service rendered. The secondary objective is to have repeat business, either from the client audience immediately or longer term business from the candidate once he or she is in situ and wants to hire new staff. The show ends with a satisfied client receiving the 'best' candidate for the position, and the recruiter receives a fee and the prospect of further business.

Acting in truth

'Acting in truth' may seem a bit too far-fetched, given that Goffman (1959) says that people are continuously acting, but as he was at pains to point out, this is done almost subconsciously. Furthermore, for most people there is no malicious strategic intent. Honest people may be doing an honest day's work going home to honest families and relaxing as they know that they have been true to themselves with their integrity intact. The only way to ascertain the actor's true attitudes, Goffman says, is indirectly from the performance. It is the indirect nature of what is truly going on that shows impression management in a negative way. Many individuals can put on an act with the intention to deceive or manipulate, and at first glance the performance is believable. The audience says Goffman: "...will be forced to accept some events as conventional or natural signs of something that is not directly available to the senses...the individual will have to act so that he intentionally or unintentionally *expresses* himself, and the others will in turn have to be *impressed* in some way by him" (1959, p. 2; author's italics).

Goffman goes on to explain that there are two different sign activities, the expression that the actor *gives*, and the expression that the actor *gives off*. If the two are in harmony, then the audience accepts the performance. If there is any discrepancy, then the actor is viewed with suspicion, even though there may not be any tangible evidence to support this view. Thus the executive recruitment example outlined by Clark and Salaman (1998), can only work if there is no discrepancy or divergence in what is given and what is *given off* by the three actors, namely the executive recruiter, client and candidate. This will be returned to later, but first there is an important issue that is the foundation of impression management that must be discussed, that of authenticity of performance.

Giving off authenticity

There is an important theme that Goffman developed, focusing on the notion of a person 'giving off' authenticity. This is not fully explained, but it is argued by Goffman that audiences are expert enough in daily transactions to identify when a person is inauthentic by what they 'give off'. This may be intuitively picked up, or through a detail that is seen to be not quite right.

This expressive behaviour "...appears to involve two radically different kinds of sign activity: the expression that he *gives*, and the expression he *gives off*" (1959, p. 14; authors' italics). The audience can only make inferences about the actor's behaviour based on own past evidence. No amount of past evidence however, will be continually held in any one person's mind, so the judgement process has to rely on the most recent part that the actor has performed. The audience therefore has to either judge on actual behavioural discrepancies or intuitively grasp signs that things are not as they should be. The actor therefore is driven to seek to control the conduct of his audience: "This control is achieved largely by influencing the definition of a situation which the others come to formulate, and he can influence this definition by expressing himself in such a way as to give them the kind of impression that will lead to act voluntarily in accordance of his own plan" (1959, p. 15).

Authenticity as a precondition of impression management

Sincerity is the key component of the presentation of self for a person's performance to be believed. The actor implicitly requests belief. As Goffman says: "They are asked to believe that the character they see actually possesses the attributes he appears to possess, that the task he performs will have the consequences that are implicitly claimed for it, and that in general, matters are what they appear to be" (1959, p. 17).

There are two extremes to this reciprocal arrangement perpetrated by the actor. The first is that he himself believes totally in the 'real reality', and this sincerity convinces all but the most cynical of audiences. The other position is that the actor may, rather cynically, not believe his own performance and regard it as insincere. Goffman takes pains to point out that that these performers may not be doing this for purposes of self-interest or gain, but because it is demanded by the situation. He gives the example of a doctor resignedly giving placebos to hypochondriacs to illustrate this point. There is a push-pull with the performer to be sincere or cynical, depending on the circumstances. He explains further:

We can find the individual may attempt to induce the audience to judge him and the situation in a particular way, and he may seek this judgment as an ultimate end in itself, and yet he may not completely believe that he deserves the valuation of self which he asks for or that the impression of reality which he fosters is valid. (1959, p. 21)

The checks and balances to unauthenticity are present in the form of shame and guilt or fear of being found out. Goffman thought that these would offset and prevent many performers from misrepresenting the facts. However, there will be times when misrepresentation will occur. Audiences are alerted to this, and look for clues that are not readily manipulated by the performer. Often these will be nonverbal signs in the actor's appearance. Because audiences tend to believe that no person in his or her right mind would try to act a lie, with the immediate prospect of being humiliated when the truth inevitably comes out, they are open to such manipulation. The basis of the interaction is a moral right to play the part. If it turns out that the actor is an imposter, the audience declares that he has no right to that performance. Goffman explained that the audience if persuaded that the actor is genuine in his or her role undergoes a questioning of what is real and what is not.

Feeling duped is not a pleasant thing for an audience, and it breaks all the social rules of the reciprocity of social interaction. It also takes away trust, which is one of the unspoken foundations of impression management. Interestingly, white lies are not viewed as violations of trust, particularly if they are used to save the face of an audience member, according to Goffman. Deliberate lies however, are not excused, as they immediately erode trust. Moreover, it may only take one lie to be found out and the rest of the performance is put under question and not believed, even if it is the truth. Authenticity and trust therefore go hand in hand and underscore the audience reciprocity that Goffman envisaged with impression management.

However, misrepresentation is not a mask that an individual puts on to do impression management. In fact, it is quite the opposite. All impression management is part of our behaviour and reflects the social reality about us: “Goffman's position is that there is nothing inherently unreal about the scripts and parts we play, that they in fact reflect real aspects of our complex selves. Roles are real and authentic parts of who we are, not false masks that cover up some deeper self” (Johnson 1995, p. 87-88).

Audiences acknowledge that they cannot perceive all that is going on underneath, but if there is anything that is remotely suspicious, the inauthentic activity acts like a magnet for disbelief and further scrutiny. And that’s the thing that makes inauthentic actions stand out Goffman says. Authentic actions are unnoticed, as they are part of the person. Goffman emphasises this authenticity in daily actions as the crux of what is not noticed. He attributes no malicious intent to daily impression management, but the intellectual problem with his thesis is that impression management ordinarily is given minimal attention by social researchers.

By using the constructs of dramaturgy and impression management, the student of social life potentially holds a unique way of organising material and analysing action. Later Goffman points out that: “To say that he [the performer] assumes a role and presents himself through it is already a bias in the direction of wholeness and authenticity. What he does is to present a one-man show” (1974, p. 547).

Goffman, in his introduction to *‘Presentation of Self’* observes that when a person enters the presence of others there is an instant appraisal that takes place. This is predicated on the audience’s own experience of this ‘type’ and expectations of this type’s role. But there is an underlying test of authenticity that occurs: “Many crucial facts lie beyond the time and place of interaction or lie concealed within it. For example, the ‘true’ or ‘real’ attitudes, beliefs, and emotions of the individual can be ascertained only indirectly, through his avowals or through what appears to be involuntarily expressive behaviour” (1959, p. 13-14).

Authenticity in times of crisis

Finally, Goffman talks about specific situations, life crises that reveal the true self to all who are there to observe. He discusses how our capabilities are learnt and put in place almost out of habit and form the concept of character from the actors’ associated qualities. These form a mask, which is put on by the actor in every interaction. As the mask is learnt behaviour, then

there is no doubt that under certain situations the mask will slip. He goes on to say that when the individual is under acute pressure, suddenly there are 'fateful consequences'. There is a risk of the mask slipping, and this is the time observations can be made about the 'secondary' qualities of the character:

An individual's sudden sense of what might shortly occur can have a marked effect on his behaviour with respect to social ties and performance. In the case of relations to others, the principled behavior he manages to exhibit during ordinary occasions may break down. The quick consciousness of what his principles are costing him at the moment may cause his wonted decency to falter, and in the heat and haste of the moment, naked self interest may obtrude. (1967, p. 216)

Goffman predicted that the matter of task performance at this crucial time would cause an individual's primary characteristics to fail him. The impending situation may make him nervous or freeze him into inaction. Alternatively, if the person is a strong, true character, it can create a huge step forward in performance and the audience will be very persuaded of the integrity of this individual. Goffman ascertains three types of characters: (i) Weak: "Evidence of incapacity to behave effectively and correctly under stress of fatefulness is a sign of weak character" (1967, p. 217). (ii) Strong: "Evidence of marked capacity to maintain full self control when the chips are down is a sign of strong character" (1967, p. 217). The actor keeps on regardless of the pressure. (iii) Average: they are not judged – the performance is as expected by the audience.

Goffman is at pains to point out that primary properties of an individual can be delivered any time, once the behaviour is learnt, in any situation that is not crisis, but once the situation changes to having meaningful consequences for him, then the secondary qualities, that of the 'character' are judged. One may approve or disapprove of primary qualities, but this is of no consequence Goffman says. Qualities of character, however, are paramount, and always judged on a moral basis. And it is this evidence that gives the individual his individual 'flavouring': "...a single expression tends to be taken as an adequate basis for judgement" (1967, p. 218).

The individual properties of character according to Goffman (1967) are displayed in the following table.

Table 4. Goffman's properties of character.

Property	Description
Courage	Ability to face great risk.
Gameness	Achieving goals no matter the setbacks.
Integrity	Being able to resist temptation, particularly when faced with great gains and little impunity e.g., fraud. Self-discipline reinforces integrity.
Gallantry	Continuing a performance even at cost to self.
Composure	Calmness in a great crisis. Anger shows loss of control. It requires: presence of mind, capacity to think despite what is going on, dignity and stage confidence – not showing any stress.

Audiences do not tolerate discomposure; they become ill at ease and feel uncomfortable with what is going on with the actor, as it makes the actor's character less appealing. Goffman thought that the nature of character was based on individuals having to keep up the social interaction that they are involved in and not show any signs of stress, however slight. The most miniscule sign of stress will lead to degeneration of his character in the eyes of the audience. Equally, when performing any task, if his physical and mental faculties are stressed, e.g., tiny muscles constricting on the actor's face, this will uncover him.

Audiences can be even more sceptical – for instance, in job interviews and therefore start to screen the participant from what he is *giving off*. As discussed earlier, this is largely ungovernable by the actor. Despite the audience checking on validity as soon as the actor starts performing, the very clever actor will then plant seeds of the ungovernable aspects of his performance to convince the audience of the authenticity of his or her behaviour. Audiences can sense that the actor is doing this, and therefore make judgements which once again occur out of his control, thus symmetry, a social ebb and flow happens between actor and audience.

White and Hanson (2002) thought that Goffman's main analytical legacy was the fusion of what is predictable to what is not, in the actor's accounts of self. Similarly there is tension that flows internally within an executive when she conducts an impression management exercise to improve her standing with an organisation. Even tried and tested strategies may fail the executive if the audience detects something untoward.

This balance of observation and detection is seen in small business owners, who when recruiting staff, cite honesty as the most preferred trait in an employee (Bartram 2006). This tends to be evaluated solely by employers. They rely on the time-tested audience role of

detecting any discrepancy intuitively and verifying authenticity of the performance (Bartram 2004). This is not so unsophisticated as it may seem. Peeters and Lievens (2006) investigated how structured interview formats influenced the use and effectiveness of verbal and nonverbal impression management. Results demonstrated that the interview format affected the kind of tactics used by job seekers, which in turn positively influenced interviewer evaluations. This is exactly the type of reaction that would be anticipated in dramaturgy, that the audience participates and influences the situation or drama outcome. The finding that candidates can favourably influence interviewers is corroborated by other researchers in other settings (Gilmore and Ferris 1989; Leary and Kowalski 1990; Silvester et al. 2002; Stevens and Kristof 1995; Varma, Toh and Pichler 2006; Wareing and Stockdale 1989).

However for larger organisations, the incoming senior manager may sit a barrage of tests and as discussed earlier have a staged interview but it is afterwards when the individual commences work, that the audiences of colleagues and subordinate employees begin an intensive screening of authenticity, albeit informally. It is at this point that the foundation of authenticity, that is, trust is established and the audience begins to feel comfortable, or not, with their new manager. More research is required to understand this process, as on the whole, authenticity of leaders, let alone executives and senior managers is still largely unexplored (Harvey 2001; Popper 2002; Yeager 2009).

There is a negative side to an individual openly manipulating audiences. Goffman recognised this when he later stated that people try to manipulate not only themselves but also the situations in which they interact. A case in point is his discussion of fabrications, where people are led to believe that a particular situation exists, when in fact it does not (Goffman 1974). This brings us back to authenticity and the motives of the actor, which are internal processes unseen by the audience and relating to the self. Actions, as presented in Goffman's earlier work are projections of the self, but what the self is, that is, positive or negative, that drives these actions, remains unclear (Travers 1997). This point of what is the self will be returned to later in this chapter.

Empirical work using impression management

Goffman was not without his critics, Manning (1992), in his review of Goffman's life and work said that despite the fact that Goffman's brilliance was to create a field of inquiry, he was less enthusiastic about trying to prove it empirically. It was up to others to take the concept of impression management and put it to the empirical test. Development of

empirical testing however, reflected the researchers' own theoretical positions and bias, which has led to in effect, three areas of literature stemming from Goffman's work undertaken by psychologists, social psychologists and most recently, post-modern conflict theorists.

Authenticity empirically tested

Wholeness and authenticity were vital components of identity for young Jewish orthodox males who were coming to terms with their sexuality and their religious requirements (Schachter 2002). Without authenticity, their identity was lost. As Goffman predicted, without the requirement of authenticity, the one-man show is a shambles. Other researchers, including Tal-Or et al. (2005) tested the authenticity component of impression management. They conducted an experiment and found that when an audience perceives an actor to be manipulative and unsociable, members can make a negative evaluation about that person. Furthermore self-enhancers are seen as less likeable and dishonest.

More recently, Deighton (2004) using Goffman's theory to look at issues of identity in Information Technology understood this notion of authenticity well. The face, Goffman says is the place of authenticity, which people look to when searching for clues of authenticity. The face is the issuer of words that people measure, it also is stage managed to give the right impression. It is the place where the self and the world meet. Authenticity, Deighton states, must therefore be present.

Deighton also recognises that the face is the place where emotions show reactions to the other actors. It is not a one-way deliverer of information, where the face shows and reflects the actions of the social situation. It is a two-way process. The face reacting to, as well as posing to the audience, measures authenticity. Goffman's writings on face work explore this reciprocity of saving and giving face:

It seems to be a characteristic obligation of many social relationships that each of the members guarantees to support a given face of the other members in given situations... A social relationship, then, can be seen as a way in which the person is more than ordinarily forced to trust his self-image and face to the tact and good conduct of others. (1967, p. 42)

Goffman predicted that if an individual does not live up to the promise, then that person will be held in disrepute. Researchers have found those candidates who inauthentically win prized positions in organisations, run the risk of being exposed. Followers will not hold any

respect for such a person if the paradoxical disingenuous presented 'self' is exposed and considered not worthy (Gardner and Avolio 1998).

Factors in Authenticity

There are many factors in creating authenticity. Social affinity or distance can be a requirement. When a sociology lecturer wanted to demonstrate Goffman's social act of embarrassment to his class, he was aware that social distance between himself and the co-conspirator was an important factor for the class to believe the staged act. To not do that would have threatened the authenticity of the staged act (Brown 2003). Commonly, being perceived as honest and having integrity is a pre-requisite to any managerial position (Thompson Heames and Harvey 2006). Taking a historical review, Novicevic et al. (2006) investigated the meanings of executive authenticity: as a moral virtue, as using ethical choices, as a personality trait, or as part of self. Furthermore, they went on to discuss several factors required for authenticity: transparent character, moral courage and 'experienced-informed intuition'. Such executives have a genuine sense of self, are self confident, willing to delegate, and are highly inspiring and never compromise their moral convictions.

The actor treads a very fine line in maintaining authenticity, as Harvey (2001) discussed when looking at the discourse of leaders. There is a conflict experienced by the leader in his or her impression management. Jones and Pittman (1982) from their work on self presentation of leaders found that there is an ever changing equilibrium that is sought by a leader to maintain authenticity. This gives the leader who is stage-managing his or her performance to deceive others, a stream of strategic alternatives to deal with the needs of others in the organisation. Harvey (2001) found that authenticity is not a one-off event. It remains after interview and induction into the organisation, as it is something that has to be maintained for the duration. If the person is honest and there is no deception involved, this is a natural process of discourse. When errors in information about the leader occur, integrity is maintained easily by correcting 'the record'. But for those involved with deception it is a difficult process to remember the many stories that have been used over time.

Authenticity in leaders

According to Goffee and Jones (2005) there are important factors that assist in the growth of authenticity in a leader. Authentic leaders remember their humble origins and must be comfortable with their roots and past. Characteristics used to define themselves include gender, race, class, status and geography. Authentic leaders are not threatened by others

different origins, they welcome them. They go on to state that conformity helps to establish a leader's authenticity. Leaders should not be too conforming, but not so far away as to be isolated, as they have to first gain minimal acceptance for their audience. Apparently, authenticity is not about revealing all; it is about carefully being genuine and growing it carefully. "...the expression of one's authentic self is a complicated and contrived act" (2005, p. 94). As can be expected, authenticity is something that others ascribe (Guthey and Jackson 2005). It cannot be conjured by the owner. "Authenticity..." Goffee and Jones say, "...is not the product of pure manipulation. It accurately reflects aspects of the leader's inner self, so it can't be an act" (2005, p. 88). The trick is to know what to show, when, and to which audience.

Authentic leaders are chameleon like, but do not lose their identities. There are two strands to this chameleon like behaviour. First, words have to match deeds as audiences can easily detect errors. Second, creating a social relationship means presenting different faces for each audience. Role-playing in this instance does not have to be fake or insincere as "people instantly recognize fraudulent behaviour" (Goffee and Jones 2005, p. 89). They use the example of Jean Tomlin, a former HR director with Marks and Spencer, who is quoted as saying "I want to be me, but I am channelling parts of me to context. What you get is a segment of me. It's not a fabrication or a façade - just the bits that are relevant for that situation" (2005, p. 90). Great leaders are usually trying to accomplish three or four goals at a time, consistently and honestly. This multiple objective forces a drive for multiple 'faces' to be presented in order to achieve those goals.

Another possible way of establishing authenticity, especially when discussing authenticity of performances with audiences, is the use of emotion. As Lewis (2000) discovered, little is known about the impact of emotional display by leaders on audiences. However, in her own research, she found that negative emotions made a profound difference to an audience. Anger from men was seen as effective in leaders. However, women expressing sadness or anger were seen as ineffective leaders. Furthermore, if male CEOs expressed sadness, they would receive the same reaction. However, it is known that a leader's positive emotion can be inspiring and motivating to the audience (Conger and Kanungo 1998) and from that strong reaction it can be seen that authenticity is accepted by the audience.

Trust

If the foundation of impression management is authenticity, then the foundation of authenticity, Goffman said, is trust. Butler (1991) investigated the notion of trust in organisations, focussing on trusting individuals in particular, establishing what activates and what maintains trust. Looking at previous measures he found that loyalty through executives' eyes was about bringing no harm to that executive. For a mobile executive, not only was it about no harm, but also about accessibility, availability and predictability. He quoted Gabbaro's theory of the bases of trust: integrity, understanding the other person's motives, reliability or consistency of behaviour, discretion, openness, work competence, good interpersonal skills, acute business sense, good judgement and loyalty. From another viewpoint, Zand (1972) argued that trust is only needed when things are beyond the individual's control. "Trust facilitates interpersonal acceptance and openness of expression, whereas mistrust evokes interpersonal rejection and arouses defensive behaviour" (1972, p. 229). He goes on to say that trust increases vulnerability relying on a benefit that may or may not occur. The exposure to being vulnerable is very risky and could have terribly adverse consequences to the person who trusts.

Some challenges to the theory of impression management

The Self

This leads into the important question of what is 'the self' as opposed to the managed impression of self? Undeniably, Goffman, states it is through action reputations – that portraits of the self are made:

Social life can be a series of character contests, and attention has to be made down to the last detail. Provocative actions of 'bargaining, threatening, promising' allow the contestant to pit his capacity for dissembling intentions and resources against the other's capacity to rile or cajoles the secretive parts of the opponent into readability. Whenever individuals ask for or give excuses, proffer or receive compliments, slight another or are slighted, a contest of self-control can result. (1967, p. 240)

All of these actions, Goffman says, are made to throw the other out of balance in character contests. "The territories of the self have boundaries that cannot be literally patrolled. Instead, border disputes are sought out and indulged in (often with glee) as a means of establishing where one's boundaries are" (1967, p. 240).

Self and morality

The self and morality have always been entwined. The origin of the notion of self as a social construct originated with John Locke in 1690 in his '*Essay Concerning Human Understanding*' where he defined the self as a conscious living thinking thing (Zussman 2005). The idea of self was centred on morality and was deeply imbedded in earlier notions of the soul. The modern version of self is seen as intrinsic to the person and implies ethical standards and how a person should live (Giddens 1991). The problem is made complex because the meaning of self is neither fixed nor uncontested, as Goffman pointed out. Various attempts through the ages have tried to complement or extend Locke's definition. More recently, in the psychoanalytic movement of the 20th Century the self was only to be found through hidden feelings or impulses.

Giddens (1991) gives a modern definition of self, which he sees as reflexive, that is, the 'myself' of the self:

To be a person is not just to be a reflexive actor, but to have a concept of a person (as applied to the self and others). What a 'person' is understood to be certainly varies across cultures, although there are elements of such a notion that are common to all cultures. The capacity to use 'I' in shifting contexts, characteristic of every known culture, is the most elemental feature of reflexive conceptions of personhood. (1991, p. 53)

Self though is not personality. It is different. Personality is a set of behaviours that are said to be predictable (Jung 1971). Today, self means something deeply inward to the individual, but as Zussman (2005) points out, it has never lost its moral overtones and it can even stand in opposition to wrongful society.

Critics of the inward self

The critics of this view of an inward self fall into several camps: some see that the self as used in the theatre and arts as a debased and amoral self. Others see it used as a kind of easy adage to selfish indulgence, theoretically at a loss as a useful construct. Most would argue that self is within a social context and that there is a morality fixed somewhere to the concept (Zussman 2005). Nonetheless, there are some such as Giddens (1991) who argue that the self can be abused by the power elite if it is not kept private: "In fact, we may say that the more open and general the reflexive project of the self, as further fragments of tradition are stripped away, the more there is likely to be a return of the repressed at the very heart of modern institutions" (1991, p. 202).

Given the current lack of consensus about the definition of self and the loose agreement about moral overtones of the person being contained within the self, Goffman in a later work expounded further on the point of morality of the self:

In the everyday case, the social front that an individual presents to his various associates during his daily round allows them to make some assumptions about his social worth and moral standards, the latter including, importantly, the practice of candour and openness regarding failures in these matters. If it can be demonstrated that one of these premises is false, the individual can be seen as maintaining a false position, allowing, if not encouraging, those around him to live in a false world, at least insofar as their view of him forms a part of their world. Thus, he does not have to fabricate a construction - he does not have to do anything - merely fail to embody the attributes and standards of conduct expected of him. (1974, p. 110)

Morality, for Goffman, plays an important part of actions that reflect the private self to the public world.

Multiple selves

However, some sociologists have stressed that self is not a fixed identity: that self can be a multiplicity of different selves (Schachter 2002), depending on the theoretical stance of the researcher. From a conflict point of view, self is a battleground of differing selves that power hierarchies allow or force to come forward at any given time. The consensus view of the self is that of assimilation of differing selves that over time come forth to assist the person. The origin of this 'multiple self' is with William James, and Schachter (2002) quotes his famous words:

With most objects of desire, physical nature restricts our choice to but one of many represented goods, and even so it is here. I am often confronted by the necessity of standing by one of my empirical selves and relinquishing the rest. Not that I would not, if I could, be both handsome and fat and well dressed, and a great athlete, and make a million a year, be a wit, a bon-vivant and a lady killer, as well as a philosopher, a philanthropist, statesman, warrior and African explorer, as well as a 'tone-poet' and saint. But the thing is simply impossible ... Such different characters may conceivably at the outset of life be alike possible to a man. But to make any one of them actual, the rest must more or less be suppressed. So the seeker of his truest, strongest, deepest self must review the list carefully, and pick out the one on which to stake his salvation. William James [1890/1950, pg. 309-310] in Schachter (2002).

Goffman, following in the tradition from James, is very explicit and denotes that the self is not a separate object within, it is purely an artefact of impression management (1959). So for writers like Brown (2003), this is a very complex version of self indeed.

Self must be there for self-presentation to happen

Unlike the confusion that surrounds the definition of self, much research has been undertaken about the self and resulting behaviour. For instance, Sinha and Jackson (2006) used a working concept, developed earlier by Schlenker and Leary (1982) from Goffman's theory. They deduce that for self-presentation to occur, there has to be a construct of self in existence, because self-presentation is all about regulating one's identity for an audience. Finding or identifying one's self is a process gained through private reflection and public self-disclosure, which projects the inner self to others. Other researchers have found this concept useful, as it allows some predictability in understanding individuals' behaviour (White and Hanson 2002).

Morality

An audience would see morality in several ways, with social responsibility being one of the characteristics they would seek. De Hoogh (2008), states that there is insufficient research on leaders and social responsibility, although this is changing. Social responsibility, in theory at least, would demonstrate morality as it includes such factors as actual moral or legal standards of conduct, internal obligations, empathy, concern about consequences and self-judgement (Demacarty 2009). It is conceivable that fraudsters would use impression management to traverse social responsibility parameters, acting immorally, or illegally, without empathy or concern about consequences to their company; they would be socially irresponsible. In impression management terms, leaders must prove to be moral; display false morality; or actually be immoral. If the leader is intrinsically immoral his or her mask of impression management of false morality may become exposed over time (Kidwell 2004). Furthermore, leaders, says Kanungo (2001), have to be either moral or not and Kanungo goes on to argue that moral leadership is therefore ethical in nature. Ethical behaviour therefore, becomes one flag that the audience detects to reflect inner morality.

Moral behaviour of leaders

A definition of ethical leadership is given by Brown, Trevino and Harrison (2005) as: "The demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making" (p. 120). This definition applies to the principles and qualities of ethical behaviour for the mainstream senior managers and executives, (Loviscky, Trevino, and Jacobs 2007), as seen in Table 5 below adapted from

Howell and Avolio (1992), which lists the qualities of ethical and unethical leaders. It is proposed that that these qualities can to some degree be also applied to senior managers.

Table 5. Qualities of ethical and unethical leaders.

Ethical Leader	Unethical Leader
Uses power to serve others	Uses power only for personal gain or impact
Aligns vision with followers' needs and aspirations	Promotes own personal vision
Considers and learns from criticism	Censures critical or opposing views
Stimulates followers to think independently and to question the leader's view	Demands own decisions be accepted without question
Open, two-way communication	One-way communication
Coaches, develops, and supports followers; shares recognition with others	Insensitive to followers' needs
Relies on internal moral standards to satisfy organisational and societal interests	Relies on convenient external moral standards to satisfy self-interests

Adapted from Howell and Avolio (1992)

Ethical leaders have a concern for morality and fairness (De Hoogh 2008). In contrast, despotic behaviour and wrongdoing are unethical behaviours. Ashforth and Armand (2003) argue further that innocent employees hired into a corrupt organisation can become corrupt as well, as the culture makes demands on the employee as to what is deemed appropriate. Thus managers can be induced to follow orders and subordinates will do so in order to retain their jobs, as Sutherland himself predicted earlier in 1940. Looking at the Enron case, there were clearly two charismatic leaders in Jeff Skilling and Kenneth Lay (Tourish and Vatcha 2005). Sherron Watkins (the Enron whistleblower) points out that both men used unethical behaviour to serve themselves and created a culture of corruption and fraud.

When researchers tested subordinates of 340 CEOs in the Netherlands there arose a problem that the CEOs may be unethical but unaware (Price 2003). Other researchers have detected this 'blindness' to CEO behaviour. Gray and Densten (2007) contend that leaders deceive themselves, as they have to present themselves in a socially approved manner, simultaneously they want to convey their own biases to create a favourable impression. The researchers thought that the theory of the romance of leadership (Meindl, Erlich and Dukerich 1985) offered some enlightenment, which demonstrated that leaders will naturally downplay such negative behaviours as tyranny and are able to win followers only if they meet their goals. The audience has to detect that they are competent and trustworthy for impression management to happen successfully, and the executives do this by downplaying

faults or weaknesses. Gray and Densten (2007) looked at self-deceit, which they described as an internal tool and impression management, described as an external control of process. Self-deception is described as having an unconscious tendency to have unrealistic or overly positive self-image. These leaders deny negative attributes. The opposite of this is the ability to understand strengths and weaknesses. The authors think that leaders who engage in self-deception do so in order to boost self-confidence and to enhance their performance.

Furthermore, there are three 'romance of leadership' types of pitfall that can occur when executives want to appear in control. As well as being competent and consistent, they may make sure that their words are spoken with absolute conviction. They will accomplish this, according to Gardner and Cleavenger (1998), by using exemplification, ingratiation, self-promotion and intimidation as strategies for impression management. Grey and Densten (2007) found from a large Australian Institute of Management study, that executives could find it counterproductive to ingratiate themselves with subordinate employees, thus raising expectations of their anticipated performance.

The study demonstrates how self-deception and impression management have unique relationships with various transformational and transactional leadership factors which suggests that different and complex processes are occurring as leaders attempt to convince themselves and others of their abilities to lead. Further they challenge theories of authentic leadership... Given the self-serving nature of self deception... And the demonstrated impact of impression management, it would seem to be a romantic notion to contemplate that leaders could ever behave in a totally authentic manner. (2007, p. 575)

Being authentic is a complex but key condition around which this study is based.

Time: difficulty of being a 'con man'

Goffman discusses the dramaturgical difficulties of a legitimate businessperson and a fraudster:

Similarly, we find that confidence men must employ elaborate and meticulous personal fronts and often engineer meticulous social settings, not so much because they lie for a living but because, in order to get away with a lie of that dimension, one must deal with persons who have been and are going to be strangers, and one has to terminate the dealings as quickly as possible. Legitimate businessmen who would promote an honest venture under these circumstances would have to be just as meticulous in expressing themselves, for it is under just such circumstances that potential investors scrutinize the character of those who would sell to them. In short, since a con merchant must swindle his clients under those circumstances where clients appreciate that a confidence game could be employed the con man must carefully forestall the immediate impression that he might be what in fact he is, just as the legitimate merchant, under the same circumstances, would have to forestall carefully the immediate impression that he might be what he is not. (1959, p. 225)

Goffman noted that there was relationship between the degree of the lie and a limitation of time; the larger the lie, the less time available to pull off the con trick. However, this creates a problem for impression management theory as how can the impression management of an executive fraudster be kept up for years? Most confidence tricksters leave their victims once they have extorted all that they can from them, which is usually in a matter of weeks or months. It is known that corporate fraudsters commit their frauds over a long period of time, for instance, Skilling at Enron. While it is true that con men and legitimate business people invest a lot of energy in building up their façade at the beginning, to convince their new audiences. However, con men are working in a short time frame: they convince, extort and leave. Executive fraudsters perpetrate their deceit over years, for example: Lay at Enron, Leeson at Barings and Nadir at Polly Peck. They appear to leave only when they sense danger: Skilling resigned as CEO a matter of weeks before Enron began to collapse. However, they can overstay their welcome, for example, Leeson at Barings Bank (Greener 2006). Could it be that the impression management might be different from that of the confidence trickster in that they are able to continue their frauds for such a length of time?

Goffman describes the actor's strain when controlling information at the beginning, – what is external to himself, what he projects and what information there is internally: “The more information the audience has about the performer, the less likely it is that anything they learn during the interaction will radically influence them” (1959, p. 222). Consequently early input is vital for both con men and legitimate business people to provide ‘correct’ authentic information. But over time, new information is bound to come out, for example, Skilling fabricated a hedge fund setup, to overcome objections raised by those less convinced of the originally installed façade of his business brilliance. It only took an accountant in a back office a matter of weeks to see through the complexity of the hedge fund, which the external auditors, Arthur Andersen failed to pinpoint (Watkins and Pearce 2003). Hence, people make their minds up about a person at the beginning and do not change their decisions until conflicting evidence is put to them.

The psychological literature has long held that people maintaining facades over a long period of time experience stress. The research on cognitive dissonance theory (Festinger 1962), predicts that individuals who maintain an internal view differing from their external projection, will inevitably face crisis. This crisis is an accumulation of anxiety, guilt, shame, anger, embarrassment, stress, and other negative emotional states. If thoughts are in harmony, for instance, an executive expressing honesty when he actually is honest, does not create stress. Extra effort to maintain a meticulous façade for lengths of time appears to have

resulted in physical manifestations of stress for some well known fraudsters: e.g., Enron's main players: Skilling had a nervous breakdown (Enron CEO until 2002, with his breakdown in 2004), Kenneth Lay died of a heart attack (Enron Chairman, died 2002) Skase died of stomach cancer aged 53 in 2001 (Qintex CEO), and Leeson developed bowel cancer in a Singapore prison and was released before completing his sentence.

In all, impression management is founded on the basic premises of authenticity and the moral regulation of the self. Any usage of Goffman's theories must be explicit about these two conditions. This is particularly important as much research is ostensibly labelled as impression management is based on adaptations of Goffman's work that contrast with his original thesis.

Goffman as a conflict based theorist

Despite the fact that Manning placed Goffman with consensus-based symbolic interactionist theorists, he did acknowledge that Goffman was on a mission to unmask vested orthodoxies (Manning 1992) and in doing so, raised strong criticism of his work by the predominant sociologists of his day. Goffman's treatment of conflict is in line with radical theorists. He considers breakdown of social order as a normal part of daily life. He refers to this as 'breaking frame' and he discusses a number of ways that these broken frames are countered (1974). Consensus based theorists generally see conflict as unnatural and unusual, quickly gaining social attention to 'fix the problem' as the deviance is out of harmony with society. For instance, Merton developed the idea of dysfunction to cope with this imbalance (1968). Goffman works on the micro-level, but he treats conflict, evident in disruptions, distortions, power plays, breakdowns and ambiguity as a normal part of social relations.

Goffman was severely criticised by Habermas, a contemporary and one of the major conflict theorists of the second part of the 20th Century, (Chriss 1995). Habermas was critical of dramaturgical theory being composed of micro processes. He felt that Goffman was never able to link adequately with a general theory of society (Chriss 1995). Chriss goes on to argue that Goffman's lifelong work was dedicated to unearthing, describing, and systematizing humanity's 'natural' destructive behaviour, which is the platform of conflict based theorists. Goffman implied a world of 'pseudo-authenticity' in his frame analysis (1974) and power dominance in rituals (1967). Habermas (like others) may have misconstrued self-presentation and impression management, for instance, "The

dramaturgical qualities of action are in a certain way parasitic; they rest on a structure of goal-directed action” (Chriss 1995, p. 90).

As Chriss (1995) goes on to point out, Goffman’s and Habermas’s approaches covered common ground. The social action described by Goffman was a form of communication, even if there was no direct speech, in the form of roles, props, stage management etc. The two writers shared a dedication of their lives to this form. Goffman viewed action from an anthropological perspective and Habermas from a more radical critical analysis viewpoint. Later in life Goffman laid out the fundamental assumption underlying his sociological model of communication: "I assume that conversational interaction between concrete persons who are in each other's immediate presence is a species of social order and can be studied by applying the model of social order to it” (Chriss 1995, p. 558).

After some considerable discussion, Chriss arrives at the same conclusion that Goffman insisted upon, that if acting is insincere and inauthentic, it must be coercive. If it is not, then it is normative. To quote Chriss’s words: “In the final analysis, the contention between Habermas and Goffman comes down to a fundamental question: Is the presented self a sincere self?” (1995, p. 564). Chriss goes on to say that Goffman’s idea of ‘frontstage’ and ‘backstage’ show how selves can be divided in terms of self-presentations before different audiences. However, one social psychological view in interpretation of this division is that individuals possess distinctively authentic private selves and distinctively ‘false’ public selves (Giacalone and Beard 1994).

Most people do share a common world with their immediate families and communities, but beyond that, particularly in the world of work, dramaturgy offers a unique explanation of how the micro world is controlled by the macro processes of social control by power elites (Giddens 1991). For many in the 1950s and 1960s, Goffman’s theory came as a refreshing change. More recently, presentation of self has been used as a useful construct to understand a complexity that is normally beyond the researcher’s investigations, one area being conflict in power relations. To give an example of this, when expatriate behaviour in a large multinational company was analysed Moore (2006) found that whereas most of the previous work focussed on imparting of knowledge and social control, the reality was not as simplistic. She found in her qualitative study that there were competing interests in the organisation which resulted in matrix-like formulations of power and control between head office and branches, rather than a straight forward line-of-management structure.

Similarly, Collinson (2006) used the dramaturgical perspective in understanding follower's roles with leaders. Do they merely follow? He summarised from the literature, that from the post-structuralist perspective, the identities of followers and leaders (audience and actor) are intertwined in a complex way. Collinson raises an interesting possibility. Rarely he says, is it considered in the literature, that followers might also impact on leaders' identities. This is because, a dramaturgical analysis views the identities of followers and leaders as inextricably linked, mutually reinforcing, and recognises the shifting of the power focus. This is reflected in a recent definition of self presentation: Schlenker and Leary (1982) characterise self presentation as being control oriented, where the actor wishes to achieve a direct outcome with the audience:

The perceived, anticipated, or imagined reactions of others to the actor provide feedback about whether the actor has created the desired impression. If others respond in a manner commensurate with the intended impression, the actor has been successful in accomplishing his or her self-presentational goal; if they do not, the actor has been unsuccessful. The importance of the reactions of real or imagined audiences distinguishes self-presentational behavior from other behavior... In self-presentational behavior the actor must have the goal of controlling how audiences perceive the self, which means that the intended reaction of audiences is the criterion for assessing the effectiveness of the behavior. (1982, p. 644)

Conclusion of literature review

There are two points that have come up through the literature review on impression management relevant to executives and executive fraudsters. The lack of research into recipients of impression management and the rationale for this study.

Lack of research into impression management recipients

As can be seen in this chapter there is some research available on impression management and executives. However, for recipients of impression management there is little available, perhaps this is because the followers (to use the name given in leadership studies) are literally a construct of the leadership phenomenon. But it could happen that there are co-workers of an executive are not followers, they just get on with their job, have little or no connection with even their direct line superior. The follower studies fail to include this type of employee.

The rationale for matching impression management to executive fraud in this study

Basically the rationale relies on several points. Impression management is a theory that is embedded in social interaction and it may offer insights to the social process between recipient and executive. By building the study on the recipient of executive impression management a detailed look into the 'reciprocation' process of audience and actor can be obtained. Finally, it may explore the means of by which a fraudster can put up a pretence for many years while conducting a major fraud and not be discovered by colleagues working in close proximity.

Chapter 3: Research Methodology

This chapter introduces the research question, objectives and research method for this investigation. A number of strategies will be considered and a final choice of the paradigm, ontology, epistemology and methodology will ensue. It is the research question itself that directs the research endeavour (Starks and Brown-Trinidad 2007) and produces the outcomes accordingly.

The Research question

The study is centred on:

By comparing recipients' perceptions, what are the forms of impression management of fraudster and non-fraudster executives?

And its supplementary inquiries:

Does the impression management vary between the two groups of recipients? What is the source of the differences?

The Research Objectives

The research question has developed the following research objectives through a process of literature review and how it can be applied to the context of executive fraud, so that the elements of impression management can be distilled through the eyes of the recipient of the executive's social interaction. Exploring and developing are the actions chosen as there is no information on the recipients' perspective of executive fraud.

- To explore, from the recipients' point of view, the impression management of executives, named fraudsters.
- To explore, from the recipients' point of view, the impression management of executives, named non-fraudsters.
- To explore the attribution of morality and authenticity that recipients contribute to executives' impression management.
- To develop insights in understanding the impression management behaviour used by fraudster and non-fraudster executives and their recipients.

Research methodology

This section is divided into two parts. The first outlines the theoretical basis for the investigation and the second section deals with the research design, data collection and management.

Theoretical perspectives – social processes and impression management

The primary theoretical perspective used is Goffman's presentation of self through impression management, the social process of impression management, which has ascribed meaning for both performer and audience and are present as symbolic interactions (Mead 1963; Blumer 1969). Social processes can be observed directly or collected retrospectively. They can be quantitatively measured to assess the impact or relationship of factors in such situations, or qualitatively measured to understand the processes in these circumstances. The social psychology school of impression management relies heavily on the quantitative method as it has preconceived testable hypotheses primarily derived from a negative strategic view of impression management, that it only happens when an actor wants something. However, this study focuses on the recipients' perception of impression management from the executive in question. This approach of listening to the recipients has not been considered before and therefore there is no applicable theory to test – which is the quantitative approach. Having this in mind, the proposed study leans to a qualitative approach to find out what was happening from *the recipient's point of view*. If the study produced testable hypotheses then the next stage, which is outside the bounds of this investigation, is to quantitatively verify what was found. It is the exploratory nature of this investigation that made the researcher aware of ontological, epistemological and therefore methodological concerns, which are dealt with in the rest of this section.

The study is focussing on accounts of the received impression management of executives, the issue of memory of the respondents becomes important. From an extensive literature review, it has been concluded that "...memory is fragile, malleable, and susceptible to forgetting" (Kelloway, Stinson, and MacLean 2004, p. 119). With such shifting points of reference as the basis of the inquiry, a suitable paradigm has to be selected.

In search of the appropriate paradigm

The advantages of clearly identifying the relevant paradigm are that it reveals the hidden suppositions and thoughts of the researcher's sense of the world, knowledge and likely methodology. Some social investigations, which Willmott (1993) claims are framed within a quantified testing of a hypothesis, but the underlying assumptions and values are not clarified. Knorr-Cetina (1999) argues further that 'how we know what we know' is framed within an epistemic culture, which is hidden even further from view. Furthermore, in the subject of fraud, Yeager (2009) has pointed out further constraints to be encountered:

The political or ideological forces that variously constrain and motivate research on corporate wrongs operate at all levels of human action, from the institutional to the interpersonal. They shape everything from the perceptions and priorities of research funding agencies and foundations, to the social impacts that research has on matters ranging from public policy to popular understandings, to the career trajectories of the researchers. Indeed, the dynamics of ideology—the values, beliefs and principles that give cultures their characteristic spirits while constraining their vision—also play out at the level of individual researchers' choices as to researchable questions, reasons for pursuing them, and plausible approaches to them, so that the social patterns of these dynamics display something of the self-similarity of fractal geometry. More often than not, our research decisions reflect and reproduce the value positions that characterize the age and our sociological place in it. (2009, p. 7)

The above statements for the data collection component from the executive fraudster recipients were noted and the researcher has included a values statement in Appendix C for consideration. The next step is to review the available paradigms for use in this study.

Paradigms

A paradigm is a chosen set of fundamental beliefs about society and how it works (Guba and Lincoln 1994). The watershed in how these fundamental belief-sets or worldviews, came to be managed was proposed in Burrell and Morgan's *Sociological Paradigms and Organisational Analysis* (1979). They developed four worldviews and placed them in a matrix for consideration. The authors based the matrix on two fundamental issues: social theories emphasising regulation and stability versus social theories emphasising; 'subjective' (individualistic centred) theories as opposed to 'objective' structural theories. These have been categorised as four paradigms (Burrell and Morgan 1979, p. 22), as seen in Figure 1 below:

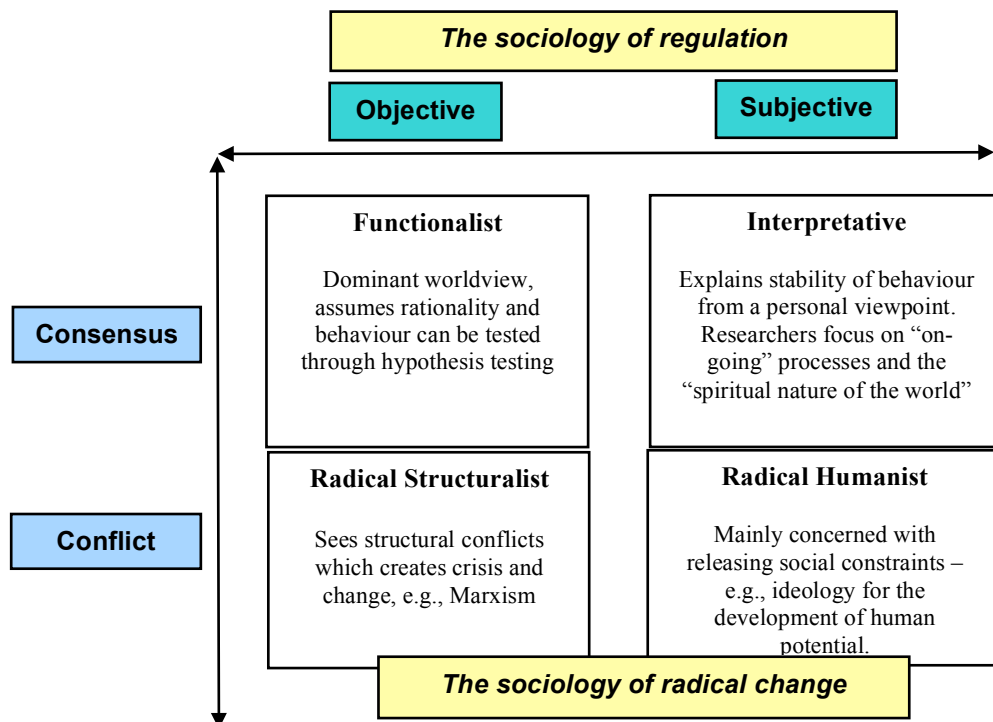


Figure 1. The four sociological paradigms, adapted from Burrell and Morgan (1979)

Burrell and Morgans’ differentiation was driven on ontological approaches. These are long difficult debates and have dominated sociological theory for decades (Goles and Hirschheim 2000; Willmott 1993) with the four paradigms presented as a way to involve researchers in reflexive engagement in their worldviews (1979). However, Annells (1996) declares that by the time the research question is evolved, the researcher is already showing bias to a preferred paradigm.

Following Annells’ advice, it would appear that this researcher’s worldview is subjective, but hovering between a consensus based and a conflict based worldview, between the ‘Interpretative’ and ‘Radical Humanist’ paradigms. Surely a worldview cannot ‘sit on the fence’ like this? Going back to their writing, Burrell and Morgan’s four paradigms were explicitly stated as “contiguous but separate” (1979, p. 23), “mutually exclusive” (1979, p. 25), and “a synthesis is not possible, since in their pure forms they are contradictory, being based on at least one set of opposing meta-theoretical assumptions” (1979, p. 25).

However, Burrell and Morgan have been heavily criticised for forcing all worldviews into a four-part grid (Deetz 1996; Goles and Hirschheim 2000; Willmott 1993). While most critics accept that the two authors made groundbreaking insights into organisational analysis in the 1960s, some feel that they went too far and considered something quite abstract (a person's worldview) and treated it as if it was a tangible object (reified it). Furthermore, the grid hides major differences in research orientations and leads to "poorly formed conflicts and discussions" (Deetz 1996, p. 191). And as Deetz, a self-confessed discourse theorist, criticises: "Further, the grid revisions have been insufficiently radical" (1996, p. 192). In addition, Willmott (1993) argues against the forcing of a difference between consensus and conflict views, as would be the case in this study.

Paradigms expanded

Guba and Lincoln (1994) published a more comprehensive matrix of different worldviews including discourse theory, feminism and constructivism among others and the original matrix became broader over time (compare Guba and Lincoln 1994 and Lincoln and Guba 2005). The four-part matrix was expanded and produced a list to compare many different paradigms and associated ontologies, epistemologies and methodologies (Lincoln and Guba 2005).

This makes the choice of paradigm easier in one sense, as many paradigms are included and there is less 'fence-sitting' than found earlier using the Burrell and Morgan matrix. As Yvonna Lincoln (2005) points out:

The emergence of not one, but several, radically reconfigured philosophical models of inquiry-interpretivist, constructivist/constructionist, critical theorist, participatory-and the congeries of theoretical and standpoint lenses and epistemologies which accompany them, poststructural, postmodern, feminist, race and ethnic standpoints, border epistemologies, indigenous and First Nation ontologies, queer and embodied theories, and others-have signalled the most fruitful paradigmatic and methodological revolution of the last century. (2005, p. 28)

However, it also makes it more difficult to choose an appropriate paradigm, as there are so many additional paradigms now recognised and included (Lincoln and Guba 2005).

Ontology – Constructivism

The adherence to the concept of one shared reality as espoused by positivism is not possible in this context of examining a social process relying on reminiscences. Therefore the research question is a 'becoming' inquiry rather than a 'being' study and an alternative paradigm is appropriate (Lincoln and Guba 2005). See Table 6 below.

Table 6. Underlying assumptions of positivism, critical theory and constructivism.

	Positivism	Critical Theory	Constructivism
Ontology (nature of reality)	One reality and apprehendable	Historical realism shaped by social, political, cultural, economic, ethnic, and gender values	Relativist, multiple realities, local and specific realities.
Epistemology (position of the researcher to the respondent)	Dualist/objectivist; findings are true	Transactional/subjectivist; value mediated findings	Transactional/ subjectivist, co-created findings from the data.
Methodology	Experimental/manipulative verification of hypotheses; chiefly quantitative methods	Dialogic/dialectical	Personal, inductive, usually qualitative, distilling a consensus construction through hermeneutical techniques and compared and contrasted through a dialectical interchange.
Nature of knowledge	Verified facts or laws	Structural /historical insights	Individual reconstructions coalescing around consensus
Knowledge accumulation	Building blocks to make an edifice of knowledge	Historical revisionism, generalisation by similarity	Informed and sophisticated reconstructions, vicarious experience
Goodness or quality criteria	Conventional benchmarks or rigour, validity , reliability and objectivity	Historical situatedness, erosion of ignorance action stimulus	Trustworthiness and authenticity and misapprehensions
Voice	Disinterested scientist	Transformative intellectual as advocate and activist	Passionate participant as facilitator of multi-voice reconstruction
Training	Technical and quantitative	Re-socialisation, qualitative and quantitative; history; values of altruism and empowerment	
Accommodation Hegemony	Commensurable In control of publication, funding, promotion and tenure	Incommensurable Seeking recognition and input	

Adapted from Guba and Lincoln (2005) and Heron (1997)

Contemporaries of Burrell and Morgan were Berger and Luckmann (1966) and they proposed that individuals interact and form their own realities through the reciprocal process of their interaction. Over time this will be embedded into the social fabric, and become institutionalised. What is knowable therefore is a constructed social reality. The social construction process extends to the whole of society and becomes what is 'knowable' in the world. An individual therefore learns this knowledge through the process of socialisation: "By 'successful socialization' we mean the establishment of a high degree of symmetry between objective and subjective reality" (1966, p. 163). Further, Berger and Luckmann argue that over time, institutionalisation 'thickens or hardens' and becomes unchangeable. Through this process the individual learns that institutions such as workplaces "... have coercive power over him, both in themselves, by the sheer force of their facticity, and through the control mechanisms that are usually attached to the most important of them"

(1966, p. 60). Society is seen therefore as *both* consensual and coercive. Which is precisely where this study had a problem with Burrell and Morgan's taxonomy. Berger and Luckmann's socially constructed worldview, or ontology, therefore fits better with the study at hand.

Turning to Goffman, Reissman (1990) in her usage of the narrative to explore presentation of self with ill patients, partly explains how Goffman's work has been construed as constructivist. She quotes Goffman (1959) directly: "...participants contribute to a single overall definition of the situation which involves not so much a real agreement as to what exists but rather a real agreement as to which claims concerning what issues will be temporarily honoured" (1990, p. 1195). And her observation is that because of this, "Social constructivists *add* that we create social reality through these presentations and responses" (1990, p. 1195; researcher's italics).

Recipients of the process of executive impression management may have different accounts, and therefore a differing sense of reality about the accounts. This means that there is no right or wrong account, each recollection is valid. It is claimed that this should be recognised as such (Lincoln and Guba 2005), as there is no observer who can independently arbitrate or measure this social process. Once there is recognition of multiple realities, an epistemology has to be employed that can cope with this type of 'multiple' knowledge of the same event.

Ontologically, constructivism describes information being received by the respondent and the researcher via their senses and use of their minds to construct knowledge (Schwandt 2000). It is not about absolute truth, it is more about what is more informed or more sophisticated than being less informed and rough guesswork (Guba and Lincoln 1994). This makes constructivism highly suitable for the study, as the recipient's memory is bringing forth the creation of knowledge through words to describe a past event. Another respondent at the same past event may have a different memory, but each act of recall is equally valid and assists in constructing the known information about the event.

Constructivism has been competing with the dominant hypothesis testing ontology of positivism in social sciences, from the Renaissance to the end of the 20th Century (Raskin 2002). Broadly based, constructivism has its roots in philosophy, psychology and cybernetics (Mir and Watson 2000). Socrates famously told his students that "Knowledge is only perception." and was perhaps the earliest constructivist on record (Murphy 1997). Lincoln and Guba (2005) insinuate by their taxonomy that there is only one paradigm of

constructivism. That is not the case according to Raskin (2002) who points out that there is much diversity in constructivist theories with no evolution or convergence into a single coherent ontology. Neither is it wanted argues Heron (1997). Knowledge is linguistically generated and socially negotiated, rather than cognitively and individually produced (Raskin 2002). Mir and Watkins (2000) continue in their summary that constructivist theorists also acknowledge that the researcher cannot possibly remain separate from the research process. Constructivists also believe that theory and practice are interlinked, they are never value neutral or totally unbiased and that they are in a community of scholars whose conversations will inevitably influence research (Mir and Watkins 2000).

Epistemology

The nature of reality then leads to an understanding of the position of the researcher to the respondent and the nature of knowledge. As the orientation for this study is a social constructivist ontology, which is relativist, the epistemology will be interpretive. Which means that "...the knower and known interact and shape one another" (Denzin and Lincoln 2005, p. 22). The study is about the researcher creating knowledge from the respondents' words and this requires a transactional and subjectivist epistemological position: "The investigator and the object of the investigation are assumed to be interactively linked so that the 'findings' are *literally created* as the investigation proceeds" (Guba and Lincoln 1994, p. 111; authors' italics). Therefore, the epistemology that enables the research question is interpretivist. The researcher and the data are not separate in this paradigm. What can be known is created out of the data where the investigator is only part of that creative process (Charmaz 2000; Schwandt 2000).

Methodology – Grounded Theory

Researchers who are interested in multiple realities would generally choose a qualitative method. This allows interaction of the researcher and respondents, the value-laden aspect of the inquiry from the researcher and the respondents, the personal approach to the writing up of findings and the emerging deductive sequences that come out of the data (Creswell 1998). Furthermore, Creswell says, the standard of qualitative work does not rely on such terms as validity, generalisability and objectivity, but more with credibility, transferability, dependability and confirmability.

Investigating impression management using the constructivist ontological and epistemological perspective, the research methodology that best fits would be qualitative in

nature (Avis 2003). However, qualitative research methods vary. There are many to choose from. These include ethnography, phenomenology, grounded theory, as well as case studies and biographies. The best fit to the research question in this study is grounded theory, because it allows emergence of meanings directly from the data (Glaser and Strauss 1967; Strauss and Corbin 1998).

Grounded Theory

Glaser and Strauss wrote their seminal work of *'The Discovery of Grounded Theory'* in 1967, and since then it has become a major contribution to abductive methodology. It has been used in a variety of areas, including leadership (Conger and Toegel 2002; Parry 1998) but never, to the researcher's knowledge in impression management of fraudsters per se, apart from a master's dissertation about nine female jailed welfare fraudsters (Donnelly 2004) and a partial grounded theory analysis of incarcerated male offenders (Willott and Griffin 1999). None focused on recipients of executive impression management.

The value of grounded theory lies in its simple yet rigorous method of systematic procedures, which can be applied to any social research context for the generation of sociological theory (Glaser and Strauss 1967). As grounded theory is anchored in empirical data derived from the field. "It can be presented either as a well-codified set of propositions or in a running theoretical discussion using conceptual categories and their properties" (1967, p. 31). One point that Glaser and Strauss are clear is that the researcher may have a preconceived notion of the field, but must not commence with formulated ideas "... for then he becomes doctrinaire and can no longer "see around" either his pet theory or any other" (1967, p. 46). Table 7 below describes the various grounded theory research activities relevant to this study.

Table 7. List of grounded theory activities for this study.

Issue	Activity	Reasoning
Unit of meaning	Utterance of the recipient	Deconstructing the data in order to capture each meaning singly.
Coding	In vivo and constant comparison	Constructing groups of units with shared meaning. Using one word or short phrase description, which captures the essence of the units within that code.
Constant Comparison	Checking each unit of meaning with others to see the fit, if correct then combined with that node	Constructing groups of units with shared meaning. Using one word or short phrase description, which captures the essence of the units within that code.
Category	Nodes are then reviewed to gather together if they share the same meaning	To label, collect and construct related groups of shared meanings.
Construct	Categories are synthesised together to form constructs.	To deconstruct and reconstruct Categories by their shared meaning and label them.
Overarching concept	Constructs are grouped together to form overarching concept.	To deconstruct and reconstruct Constructs by their shared meaning and label them
Theoretical sensitivity	Linking to new theory	To link emerging concepts to literature.

The purpose of grounded theory is to contribute to the development of new theory (Glaser and Strauss 1967). Two types of theory can evolve, substantive or formal theory, the latter is generally regarded as ‘middle range’ theory. Grounded theory is different from other qualitative methods as it sets out from the start to generate theory derived from its ‘completeness of method’ (Walker and Myrick 2006).

Glaser’s singular point of view was based on the argument that either the original grounded theory would be adhered to and no forcing of theory was to be allowed, or that any reference to theory during the coding and categorising process should be called something else. This debate has continued since the co-originators split and there have been many attempts to understand the real differences that each author is espousing (Melia 1996; Walker and Myrick 2006) and to seek common ground.

There are adaptations of grounded theory beyond those of Glaser and Strauss. Whiteley (2000) for instance prefers to call the adaptation she proposes, ‘grounded research’. This is not on the basis of the Glaser-Strauss argument. It is more about what is pragmatic within the grounded theory context, as there are pre-existing institutionalised concepts (compare Berger and Luckmann’s concept, 1966) of social order and interaction, which are socially stable and have shared meaning. Coding purity can be seen as the target of all grounded theory, but it is impossible in certain situations, particularly in business and therefore management, due to institutionalised concepts. In the context of this study, the recipient talked about his or her working relationship with a fraudster or non-fraudster executive. The

terms ‘executive fraudster’ or ‘non-fraudster’ are used in the interview and are a shared reality. Therefore this concept is institutionalised in the consciousness of the study. This is one of the reasons why in Chapter One the researcher went to great lengths to define executive fraud within a research context.

Even so, Whiteley concludes that every effort must be made to ensure that the coding “...is directed by emerging concepts and categories and not the other way round” (2000, p. 29). It may very well be the case with this study that it may resemble grounded research rather than grounded theory, but observance of the original Glaser and Strauss principles is maintained wherever possible.

Guiding Principles of Grounded Theory

Theoretical sampling is the “process of data collection for generating theory whereby the analyst jointly collects, codes and analyses his data and decides what data to collect next and where to find them, in order to develop his theory as it emerges” (Glaser and Strauss 1967, p. 45). The final number of the convenience sample of volunteer respondents was guided by theoretical sampling during the process of the research.

The steps in the research process (see Table 8 for the flow of grounded theory activities) include: raising awareness of the researcher’s personal values and trying not to impose them on the data while it was being collected and coded. After that initial step, the data were collected using open unstructured interviews and then in part two, continuing that activity a semi-structured interview schedule. Open coding of the data then ensued, followed by sorting the units of meaning into categories to be labelled and investigated for certain properties as the data accumulated. During this process, writing of memos is important for recording decisions whilst theorising up or down the categories. This is followed by theoretical sampling, which collected further data for coding and analysis guided by the data previously coded and the emerging ideas. Constant comparison allows the comparison of categories and their properties. Examples would include incidents that occur and why and when they occur. It also allows the taking of categories to a higher more abstract level where substantive theory can be derived. Once a core category is identified more theoretical sampling may occur to formulate the core process. Saturation is reached when no more data can be collected to make more sense of what has been collected and coded already.

Later on there is an external process of auditing the grounded theory work; this includes testing of coding and categories with other researchers for verification and validity. The memos are then sorted into theoretical frameworks and written into the data presentation and discussion chapters. Review of the findings with participants and relevant non-participants should also take place to allow feedback if the findings reflect their experience (Iruita 1996).

Data analysis

Grounded theory involves a constant comparison process. Essentially Glaser and Strauss described a method that was in fact two processes: the first part is the coding and the second is the scanning of the data to form categories, which develop into ideas. “Coding is an iterative process, inductive, yet reductive process which organises data, from which the researcher can then construct themes, essences, descriptions and theories” (Walker and Myrick 2006, p. 549). In this study, interviews were transcribed verbatim into a word-processed format. Each utterance was considered as a unit of meaning, which was coded and later, classified by comparative analysis into categories. The data were stored in a qualitative software program, NVivo8, that allowed the comparison and categorisation process to take place. Typically the format of grounded theory analysis is: coding, development of core categories, comparisons, theoretical sampling, theoretical saturation, theoretical sensitivity and memo-ing (Whiteley 2000). Initial decisions were made regarding open-coding and codes were put into categories of meaning as a temporary measure. Constant comparison may involve disassembling, combining existing categories or opening new ones. As core concepts develop, theoretical sensitivity will seek theoretical matches with the emerging core concepts (Starks and Brown-Trinidad 2007). The final stage of analysis consisted of reflexive review of the analysis process.

Rigour

Positivism gained its power from its ability to repeatedly verify scientific results. However, many have disputed this power, such as Quine, Rorty and Davidson (cited in Avis 2003). What is more important is that the qualitative research method must allow scrutiny and awareness, and that merely employing a methodology does not guarantee rigour (Avis 2003). Grounded theory as a methodology relies on theoretical sampling to reach theoretical saturation, and researcher awareness of bias, to gain rigour (Whiteley 2002). Theoretical sampling is where the researcher continues to add individuals to the sample until the stage of theoretical saturation is reached, “...that is, when the complete range of constructs that make up the theory are represented by the data” (Starks and Brown-Trinidad 2007, p. 1375). In

addition, to reduce bias and ensures that the collection of data and interpretation accurately reflects the phenomenon of received impression management; reflexive strategies were employed (Lincoln and Guba 2005, p. 183). The researcher raised awareness of her own preconceptions and bias to the subject by using the same interview questions upon herself to expose any preconceived notions. Once these were expressed, they were reported and used as a guide to avoid any impositions of personal bias in the data collection process. A personal diary was kept and memo-ing was used during the collection and analysis phase. Interviews were transcribed verbatim, and an outside person verified the transcripts for accuracy. The process of data collection and analysis was clearly described. Other researchers were asked to separately code segments of transcripts to confirm the categories identified. Finally, once the description was complete, a sample of participants were asked to read the core phenomenon to see if it makes sense to them in their experience. This was done with several recipients once the overarching themes emerged. Their reactions to the themes confirmed their experience. A couple of recipients remarked how true it felt for them.

Research design

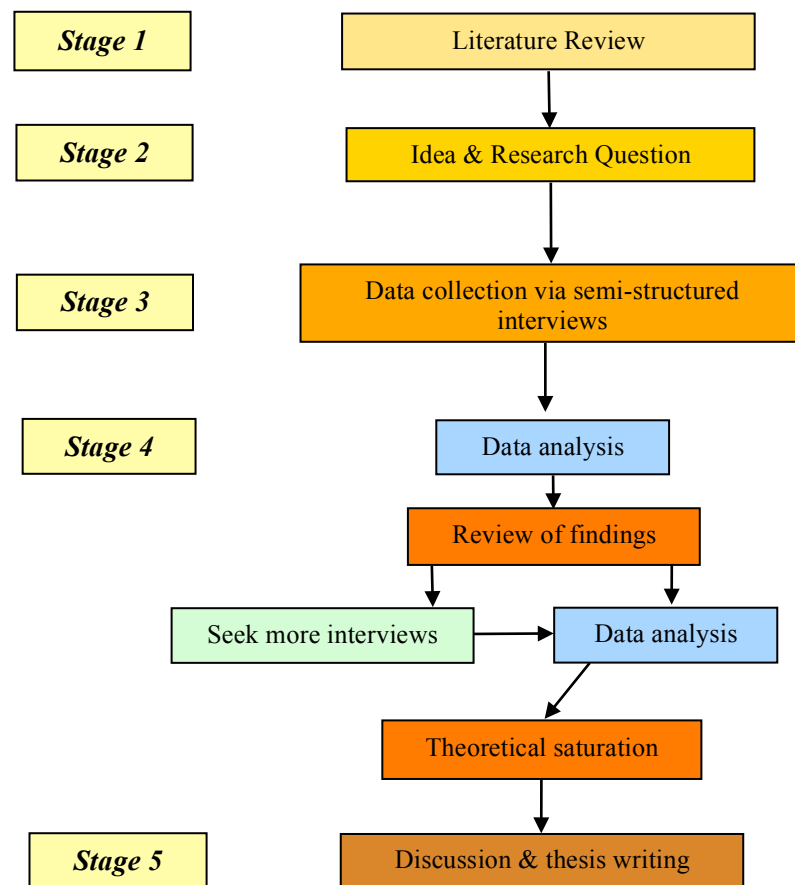


Figure 2. Stages of the investigation

The research is designed to collect and analyse the recollections of the audiences of executives. This is formulated in the following stages as outlined in Figure 2 above

Research design: planning the data collection, Sampling

For the purposes of the study, data were to be collected from two distinct groups. One group would be comprised of recipients of fraudster executives and the other, recipients of non-fraudster executives. Within this framework, theoretical sampling (Glaser and Strauss 1967) would be used.

Fraudster Sample

The initial sample anticipated interviewing those who have been managed by the executives. The conditions for selection were:

- a) The fraudster executive (manager of recipient audience) was hired into (rather than being promoted) the company before the time that the fraud was perpetrated.
- b) The fraudster executive was convicted in a court of law and therefore to an established high standard of proof, (e.g., beyond all reasonable doubt) of defrauding an employer. Thereby the former executive is judged unequivocally to be immoral and deceitful, thereby transgressing Goffman's criteria of authenticity and moral regulation of self.
- c) The fraudster executive defrauded an amount greater than \$AU 1,000,000.
- d) The recipients had regular exposure to the executive in question.

Non-Fraudster Sample

Next a sample was generated of non-fraudster executive recipients. The non-fraudster executive recipient group were not considered to be directly matched and comparable but members were targeted to provide for insights, including any extreme similarities and differences. The condition of membership to this group was simply that the executive in question, who they worked with, had not been convicted of any fraud offence.

Theoretical Sampling

According to research quoted in Mintzberg (1973), executives communicate the most with immediate subordinate managers, (over 50% of their communication time) and Clinard (1983) found a tacit as well as a formal information flow between top executives and middle management in the case of corporate crime. Personal assistants were meant to be included, as

their executive-audience relationship would have enabled a substantial level of communication. However this was not achieved in the convenience sample and other close co-worker recipients had to be used.

Others included in the interviewing were five fraud investigators and one convicted fraudster. The interviews were set on the same interview procedures of the recipients with minor variations as per the context, for example the convicted fraudster was asked: “Did you...?” Rather than “Did this person...?” For the fraud investigators, it was “Did you see individuals who....?” These alternative interview schedules are contained within Appendix D. Their input was not coded as were the recipients, but notes were taken of the collective points that were mentioned in these interviews. This information was used to test the theoretical components that emerged in the study until reaching the final stage of theoretical saturation (Glaser and Strauss 1967), where the data cannot be gleaned further.

Planning the Data Collection: Method

It was decided that the best way to collect data was by personal interview. Each recipient was interviewed in his or her own in a setting in which they would feel comfortable. Interviewing has been criticised as being biased as long ago by Cannell and Kahn (1953) and more recently by Lim, Winter and Chan (2006). Their comments centre on respondents not being able to provide the relevant data; that selective memory retention presents only certain data and that the interviewers themselves maybe biased. However, it is one of the most commonly used data collection devices and is ubiquitous in social process studies.

Construction of the semi-structured qualitative interview guide

The semi-structured interview guide (Fontana and Frey 2005) was constructed after some consideration of the literature on impression management and fraud. Table 8 gives the process of the construction of the guide.

Table 8. Process of constructing the interview guide.

Activity	Interview guide
Literature Review, Chapter One and Appendix B	Known fraud characteristics
Literature Review Chapter Two	Known impression management attributes
Compile a list of fraud features	Features had Yes or No answers
Compile list of impression management attributes	Attributes were presented in open-ended questions
Fraud items were shuffled	Resulted in mixed list of Yes/No questions
Impression management items were shuffled	Produced list of open-ended questions
Additional areas added, e.g., Goffman's 'fateful moments', gauge of self esteem of recipient	Placed at the end of the guide

The interview guide itself focused on the impression management process, impression management of fraudsters, relevant attributes and fraud indicators. The first part of the interview entailed asking the recipient of the impression management process to outline his or her connection with the executive. "Tell me about your story with this person..." would be a typical opener. This was entirely non-prompted, unless something needed to be clarified. Some recipients talked for a reasonably long time, and others responses were fairly short. If an account was deficient in certain areas, prompts were used. Examples of prompts include:

- How did your working relationship occur?
- What happened when you were working with the fraudster, before discovery of the fraud?

This section provided rich information that at times, would make the interviewer ask for more information on a particular point or request more detail. Sometimes, the interviewer would jot down a significant word so that this point could be covered later in the semi-structured part of the interview, but generally there was no note-taking in addition to the voice recording (Middendorf and MaCan 2002).

A semi-structured checklist was devised using true/false statements on the characteristics of the interaction between the fraudster and the co-worker to ensure all aspects of the literature that was reviewed were covered, see Table 9 below.

Table 9. Topics covered in the semi-structured interview.

Theoretical Context	Topics
Impression management	Immorality or amorality; dishonesty; moral behaviour and views
Red Flags	Authenticity; being a good actor; masking behaviour; Greed Financial stress Marital difficulties Dominating personality; ‘yes men’ Work long hours, no holidays
Red Flag and neutralisation theory	Rationalisation behaviour
Social Psychology	Depression Social monitoring Machiavellian Addictive behaviour; gambling
Psychopath - general	Superiority; low view of humanity; lack of empathy
Psychopath - organisational	Dominating personality
Psychopath – corporate criminal	Conscientiousness

The questions were formed to force a choice between positive and negative answers to avoid ‘fence sitting’. This was not a survey, only an attempt to see if recipients noted aspects of the literature. Appendix D and E give a fuller account of the topics included.

Items were also added to see if the recipient held high self-esteem, and gullibility towards the fraudster, as well as any critical incident cited by Goffman as noted in Chapter Two. Finally, the recipient was asked if there were any further ideas or comments about their interaction.

The constructs developed from the literature were randomly put together on the checklist, so that one question did not lead into another. This meant that returning to a particular issue in a later question often refocussed the recipient to bring out further information. The interviewers role in this checklist was to prompt further responses, for instance:

- In what way?
- How did [the construct] show itself?
- Can you remember any times when [the construct] occurred?

Planning the interview

Certain factors had to be borne in mind with the respondents. Research topics that are linked to deviance are likely to be sensitive to participants (Lee and Renzetti 1990). Also King

(1994) suggested that emotionally charged subject matter needs time to come out, as the interviewee remembers the past experience and relives it.

Cannell and Kahn (1953) state that sometimes respondents' desire to talk about the subject has remained unarticulated. At times this could be cathartic, but not always. They say that the interview relationship is very similar to a therapeutic relationship, particularly if warmth, responsiveness and a genuine interest in what the person has to say is present. More recently in 1994, Fontana and Frey, have reiterated that gaining trust and establishing rapport are essential components of a good interview and a semi-structured or unstructured interview is all about understanding this pre-condition (Fontana and Frey 1994).

Corbin and Morse (2003) reviewed the necessary skills for interviewing on sensitive topics: experience of interviewing per se, and interviewing of sensitive subject matter; sensitivity to minimise stress for the participant; authenticity, credibility, intuitiveness, receptivity and reciprocity. Knowing when to take breaks or stop the interview is also very important. This is particularly so when halting a conversation on an especially painful topic, although it can sometimes be reapproached later in a sensitive manner. Corbin and Morse also advise that being mentally and emotionally prepared is important, as such interviews are emotionally draining on the interviewer. This risk has also been noted for researchers themselves by Dickson-Swift (2008). With this in mind, interviews were rarely conducted one after the other with no break, and the interviewer was prepared to use stress release methods to relieve tension that may build up. Also de-briefing through journaling and face-to-face discussion with supervisors was used. As Corbin and Morse conclude, a good interview of a sensitive topic is a balancing act:

Unstructured interactive interviews involve reciprocity as well as risks. Without skill in doing interviews and a strong code of ethics to guide them, researchers cannot carry out their mission, which is to collect valuable data while protecting the rights of participants. With skill and ethics, dignity, respect, and concern will automatically follow. (2003, p. 351)

Parameters such as proxemics, gender, paralinguistics, status and timing were taken into account with the interviews (Whiteley et al. 1998). Care was exercised in regard to these factors at the venue.

Data collection and storage

Part of the planning process was finding the best recording device for human voice, as the interviews would occur in a variety of places. Also downloading the digital recording onto a computer had to be planned. The device that was finally sourced was able to download

quickly and create WMV files directly onto a computer, without change or loss of quality. Backups were made onto a large portable flash drive.

The recordings, codings and analysis are kept in a secure environment, without possibility of external tampering. This provides confidence to the respondents. The data were stored on only one computer while undergoing analysis. The Curtin Graduate School of Business will retain the full data set of this research for five years as required by Curtin University of Technology, after which they will be destroyed.

Ethical considerations

The proposed research was submitted and approved by the Human Research Ethics Committee of Curtin University in June 2008. All data were to be kept strictly confidential and procedures to conform to Curtin University of Technology's guidelines on ethics in research. To protect the respondents' rights, the following procedures were employed. Research objectives were articulated verbally and in writing so that they were clearly understood by a respondent. Written permission to proceed with the research as described, was received from all respondents (see Appendix F). Respondents were informed of data collection devices and activities. Verbatim transcriptions and written interpretations and reports were also made available to the respondents. The respondents' rights, interests and wishes were considered first when choices were made regarding reporting data. Participants were identified on the interview manuscript with a number, for example, 'Case E1, Respondent 1' = case E1R1. This identification number was put on the top of the consent form, this is the only place that the name of the person and the case number are together. All other reporting, the analysis and findings would have reference only to the case number. Furthermore, the researcher, kept all details in a secure place and was the only person to know the names of the respondents.

Data Collection – practice

Once the recipients had agreed to an interview they were made aware that the interviewer was willing to work around their schedules and place of interview. All interviews took place in a place of their choice, their office or home. The researcher asked for a quiet place for the meeting, as it would be digitally recorded.

Several flights were made to interview recipients on the Eastern coast. The recipients were particularly kind in helping the researcher fit the interviews in with her travel schedule. Sometimes the recipient wanted to bring other materials to the meeting, which the researcher accepted if they were relevant to the case. In one instance it was the court record of judgement against a fraudster. But mostly the information was a matter of memory, and being told of that in advance, the respondents had a chance to revisit their relationship in their mind with the executive beforehand.

Corbin and Morse (2003) brought to the researcher's attention several risks that go with interviews and revealing subject matter of a personal nature. However, there were no interviews that were stopped prematurely, or instances where the interviewee refused or dominated the interview. The researcher was impressed with and grateful for the apparent frankness and honesty that the recipients shared and had recorded.

Finding the cases

In order to start the theoretical sampling, a fraudster had to be identified first. Then the defrauded employing organisation had to be found (not often reported) and then contacted. First of all, a search on the internet was conducted, concentrating on sites such as ABC News and the Sydney Morning Herald in New South Wales (NSW). Most of the frauds first discovered were in the Sydney area. Later the NSW Court of Criminal Appeal's judgements were used to find cases. 'Regular' cases, that is, those which are not appealed, do not have their outcomes online, so it was impossible to trace individual cases or find a type of case. Furthermore, no court officers who were contacted wished to spend their time in this manner. Police fraud squads were also unable to assist in finding cases, because their resources had to focus on active cases. In all, 24 possible cases were found from internet media sites, of which only eight satisfied the selection criteria. The companies listed were researched and an appropriate contact name was found. Usually this was a HR manager but in some cases could be the CEO or a Board Director. This person was telephoned or contacted by email, and a formal invitation was sent by email to that person to forward on to employees who worked with the fraudster (see Appendix G for interview invitation).

Data collection from most of the larger enterprises that suffered major loss from fraud was prevented by the refusal of companies to forward the request for interviews to the possible recipients of the fraudster executives. This was said to be on the grounds of privacy. Typically the response ran on the lines of:

Regretfully [the corporation] cannot assist in providing the information you seek. The [corporation] is bound by the Federal Privacy Act, and specifically the National Privacy Principles in relation to the disclosure of 'personal information'. While employment records are in exempt [sic] from the privacy legislation if the act or use of the information is directly related to the employment relationship, the use of the personal information regarding current or former [corporation] employees requested by you does not fall within this exemption.

The researcher had no interest in the name of the respondent, this was made clear from the outset and in her replies to each organisation reiterating that there would not be any trespassing of privacy guidelines. However, the invitation was usually ignored. This was not particular to this study alone, Lee and Renzetti (1990) refer to "...powerful gatekeepers can impose restrictions on researchers in ways that constrain their capacity to produce or report on findings that threaten the interests of the powerful" (1990, p. 514).

The researcher then fully understood the concerns of Yeager (2009) and especially, Dodge and Geis (2009) who appreciated the problems of scholarship related to aspects of white-collar crime: "The work demands creativity in the collection of data, often zealously guarded by powerful forces. It encourages in-depth case studies and challenges those involved to shift paradigms to account for changing and complex methods of law-breaking." (2009, p. 3) This was somewhat alarming, as it meant that there was a curtailing of respondents from eight down to two cases in NSW.

To assist with obtaining the sample, further States across Australia were included. Finally, the cases came from Victoria, NSW and Western Australia. All of them satisfied the criteria that were laid down of being a co-worker at the time of the fraudulent activities and had regular exposure to the fraudster. All fraudsters were convicted and received prison sentences and almost all satisfied the monetary value with the lowest amount was just over \$AU 950,000.

The Non-Fraudster Sample

Thinking that the non-fraudster sample would be much easier to achieve when finding recipients of non-fraudster executives, the researcher was surprised how difficult this also proved to be. Many managerial associations were contacted along with graduate schools of management, all in vain.

Finally executives were contacted through internet sites, which specialised in sharing contact information about managers and professionals who had voluntarily put up their own details for networking purposes. This was supplemented by personal contacts who knew others and the process produced a satisfactory sample size of non-fraudster executive recipients who were willing to be interviewed.

Data Analysis: Practice

Altogether there were 16 hours and 20 minutes of recipients' interviews, which generated 2,029 nodes of separate utterances. The audio recordings were each transcribed directly into NVivo8, word for word, contiguous with the actual audio recording, ready for analysis.

The task of coding, where utterances became codes was complex and lengthy. At the early stage almost all utterances were invivo coded. Occasionally there were times when a word or phrase was unclear, despite the precautions taken. When this occurred the device '[indistinct]' was used in the text. As the text was linked to the audio recording, it became very useful to replay the components of the interview with the text on display. This process was time saving and allowed rapid proximity to the actual voice of the recipient.

Coding was separated into two parts according to where the utterances were in relation to the interview. All of the first part of the interview was relatively unstructured and free-flow and grouped under Their Stories, whereas the second part of the interview was highly structured with two separate sections as described earlier under Question Data. Somewhat surprisingly to the researcher, the second part produced more data than the first for some respondents, but these data were kept separate and grouped together under Question Data. The fraudster data were coded first.

One of the quirks of audio recording transcription in NVivo8 is that sometimes the utterances cannot be separated. This only occurred a few times. This means that an utterance could be viewed by an outsider as a double or in a couple of instances, triple coded utterance. However, this was remedied in the text to give the correct part of the utterance to the code assigned. QSR International in Melbourne gave full support for the software and any difficulties were overcome after assigning enough memory to the virtual PC on the Mac computer used.

All the utterances were coded as free codes. In this way, there was no forcing of the data into preconceived tree-form hierarchies. Due to the previous experience of the researcher and belief that the constant comparison method worked, groups of data began to coalesce. These groupings were open coded and great care was taken to reflect the coalesced meaning. Reference to the Macquarie Dictionary, Roget's Thesaurus and online dictionaries and thesaurus was made to match the intent with the words uttered. Sometimes this would take several hours of checking and re-checking that the code was a good reflection. A good example of this is the word 'stalking'. Dictionaries explain this word in the sense of an animal tracking down its prey. It was possible to select appropriate meanings, which in this case was the linguistically correct one.

The groups of data gradually formed into their own hierarchies. As the researcher had the voice of the recipient at her fingertips, it felt very much like a natural process with constant verification, of what the words were intended to mean by the recipient. As the researcher worked with the recipients of fraudster executives first a number of themes emerged. By the end of the constant comparison process confidence was high in the strength of the categories. These categories of meaning formed constructs, which in turn formed overarching themes (equivalent to Glaser and Strauss' core category).

Usage of a blank wall and pieces of paper assisted the emergence process to keep the researcher in the detail plus overview mode of the process. Memos were recorded in NVivo8 and a coding journal was kept separately. Ideas sprang to mind from the data and were noted. Some were used and others discarded. Categories were inspected and disassembled and re-categorised as necessary. At all times the researcher was aware of her own bias, and tried to keep the effect of value judgements to a minimum and bracket internal thoughts about possibilities about the data. Another source of possible contamination was that some recipients were likeable others less so, and it took self-discipline to not allow this to interfere with the coding. Constraining outside and internal distortion was a foremost concern in all of the analytical work.

Overall it took about two weeks for the coded fraudster data to emerge into a theme. Glaser and Strauss note this quickness as a normal process in the emergence of categories and core processes. Similar concepts emerged from each set and the Question Data produced a sub-type, which is explained further in the next chapter. The development of constructs assisted in the formation of the themes after much deconstruction and reconstruction. This was

somewhat cumbersome at times, but greatly assisted in focussing on what was represented in the concept.

After the fraudster data were coded, the researcher turned to the co-workers of non-fraudster executives and repeated the process. Coding Their Stories was done first in a free form format. Once that was completed using the same constant comparison process with reinforcement from the recipients' voices, categories of meanings emerged which formed into constructs and overarching concepts. Again, there was similarity between Their Stories concepts and those from the Question Data.

Limitations

This study is neither quantitative nor inferential, nor does it claim to find a single truth (Avis 2003). The research is qualitative and exploratory, so there is no possibility that these findings could be representative of all audiences of executives. In addition, the data are retrospective and therefore limited for future projection. The investigation is solely a unique attempt to discover more about the influences and conditions of the reception of executive impression management processes, particularly from executives who defrauded an organisation, while delivering false impressions to their co-workers.

Chapter 4: Emerging Themes

In this chapter, the findings of the data analysis are outlined. Evidence of the data is to be found in Appendix A- Data Presentation. The data are comprised of interview transcripts from two sets of respondents, the recipients of non-fraudster and fraudster executive impression management. Nine concepts or themes were generated from an iterative constant comparison process as illustrated in Figure 3 below, where clusters of data were formed, which in turn were collected into categories, constructs, then concepts or themes.

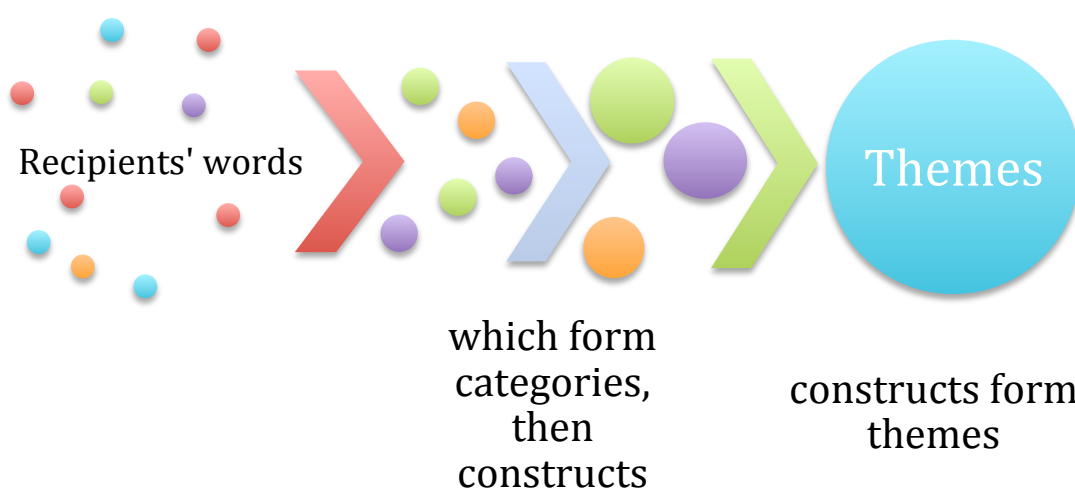


Figure 3. Diagram demonstrating the emergence of overarching themes

The basic unit of analysis was an interviewee utterance. Each utterance from a recipient was coded. If a name has been assigned to that utterance, it is referred to as open coded, otherwise it was invivo coded. Similar codes were then grouped together which formed categories of meaning. A category may have within it sub-categories. Analogous categories of meaning were then grouped together to form constructs. Finally, these constructs were then grouped into an overarching concept or theme. In some constructs the utterances could be gathered into constructs that were 15 levels 'deep' (as there is no hierarchy this refers to the amount of information) due to the abundance of material. In other constructs it may only be one level due to the paucity of data.

Conventions used in data presentation

Data are represented by an indication of codes generated followed by extracts of quotations. Figure 3 illustrates the links between codes, categories, constructs and themes. As noted, the data within a specific category may have many utterances, so with this in mind, the form used was illustrative, so that the reader can follow the development of the constructs more easily. The convention ‘/.../’ is used to show that the utterance extract has ended and another begins. Paragraphs may be similarly shortened by the three dots ‘...’ normally used to indicate data that are not presented but have been collected. Each following section describes one core or overarching theme and the elements that are its constituent parts. A convention has been adopted of italicising the recipients’ actual words with a different font. Square brackets ([]) within a quotation indicate non transcript text that has been added by the researcher for explanation of that text. Using bold typeface, for instance, ‘**Inconsistency**’, differentiates constructs, whereas categories are highlighted with italic type e.g., ‘*violent*.’

Each interview comprised of two parts, an unstructured section, which is referred to in this text as Their Stories and a structured question component, which is named Question Data. In the following presentation, the data source of each component of the interview is clearly identified within the discussion of each theme. For instance, there will be *X Theme (Their Stories)* and also the same *X Theme (Question Data)*. This demonstrates where the data have come from and how they have been subsequently analysed. Their Stories data were relatively spontaneous and free from the potential constraints of structured questions and were analysed first. In comparison, the Question Data were formulated from direct questions which were developed from the main theories regarding executive fraud covered in Chapters One and Two, social psychological factors, psychopathy and personal characteristics from the Red Flags’ auditing literature, and from Chapter Two, namely, impression management, particularly questions on authenticity and morality.

In order to protect the identity of the recipients a few references have been changed in gender. For example, *he said to me that he should...* has been changed in certain circumstances to: *she said to me that she should...* This only happened at some necessary points in the re-telling of the data so as to ensure anonymity of the respondent. Gender is not used as an analytical variable in either the fraudster group or the recipient group and is not part of the research question. Various place, company and peoples’ names have been omitted which also assists with anonymity, as well as any other possible means of identification.

Structure of the conceptual themes from the data analysis

The presentation of findings is structured to portray:

- The two themes of fraudster impression management that the recipients received.
- The three themes of the non-fraudster executive impression management that the recipients received.
- The theme of the fraudsters' impression management at the point of discovery of the fraud.
- The theme of how the fraudster recipients unravelled the impression management of the fraudster.
- The two themes that emerged from the data that compare the after effects of the impression management on fraudster executive recipients and non-fraudster executive recipients.

This chapter starts with the main finding of the investigation that is the emergence of the five concepts of executive impression management. Labels given to these themes were derived from the recipients' words.

Principal discovery: the five concepts of executive impression management

The main finding of this study is that there emerged five themes of executive impression management, based on two underlying core concepts of consistency of impression management and the power relationship 'given off' with the impression management as perceived by the recipients.

- **The Arrogant Fraudster**, Disguised, Inconsistent, Malevolent and Superior.
- **The Likeable Fraudster**, Disguised, Inconsistent, Malevolent and Inferior.
- **The Respectful Executive**, Benign and Consistent.
- **The Tyrant Executive**, Inconsistent, Malevolent and Superior.
- **The Mediocre Executive**, Inconsistent, Malevolent and Inferior.

There are four themes of executives that display inconsistency in their impression management. Only the 'Respectful Executive' is perceived as consistent in his or her impression management.

The recipients further differentiated the type of relationship inferred by the impression management as being likeable (Benign) or unlikeable (Malevolent) and if the impression management was open or disguised with the latter distinguished by their usage of words such as mask, persona and façade. Table 10 below outlines the five different types impression management that emerged from the voices of the recipients. The labels in Table 10 reflect recipient data.

Table 10. Emergent Types of Executive Impression Management with constituent elements.

Type of Executive Impression Management	Consistency of impression management	Power of relationship as perceived by recipient	Type of relationship as perceived by recipient	Open or disguised
The Arrogant Fraudster	Inconsistent	Superior	Malevolent	Disguised: open with small cracks
The Likeable Fraudster	Inconsistent	Inferior	Benign	Disguised: open with small cracks
The Tyrant Executive	Inconsistent	Superior	Malevolent	Open
The Mediocre Executive	Inconsistent	Inferior	Benign	Open
The Respectful Executive	Consistent	Equal	Benign	Open

Apart from the Respectful Executive, the construct of **Inconsistent** emerged within the themes with ‘**Superior**’ or ‘**Inferior**’ elements. This is based on the lens used by the recipients to define how they saw the executive impression management in relation to themselves. If the impression management relationship was perceived as higher than the recipient, the references are classified as **Superior**. Similarly, if the executive impression management was seen to be lower than the recipients, the impression management is classified as the **Inferior** type.

To help further understand the themes and how they interlock into the core process of Executive Impression Management (EIM), the device of a small diagram is used in each impression management concept description. The overall diagram below (see Figure 4) illustrates the central finding of this study (Chapter 7 explains the core process formation) where each concept is represented as a block, which together form the building blocks of the impression management core process for recipients who work with executives. The horizontal axis represents the Consistency of the impression management with the construct of Superior or Inferior as the vertical axis for the four types of malevolent impression management. The Respectful Executive is perceived as equal to the recipient and therefore neither Superior nor Inferior.

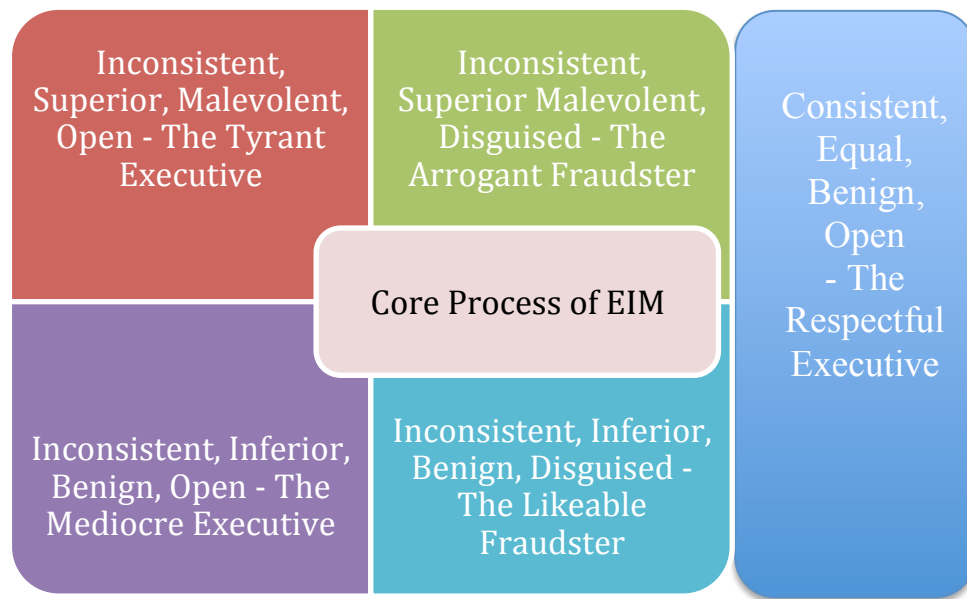


Figure 4. Block diagram of the Core Process of Executive Impression Management

This description of the themes does not include all utterances that form the basis of data categories (for this please see Appendix A with extractive data for each category). However, throughout the chapter, each theme is linked with illustrative supporting data.

Fraudster executive impression management theme development

This section deals with how the two executive impression management concepts of the fraudster executives emerged. Both themes are derived individually from ‘Their Stories’ and from the ‘Question Data’ components of the interview data and are presented in two separate sections with a comparison at the end of each theme with some commentary. The following themes for the fraudster executive impression management are now introduced.

Theme 1: The Arrogant Fraudster – Their Stories Data

The Arrogant Fraudster was the first theme to develop out of the data and in many ways is extensive in quantity and quality.

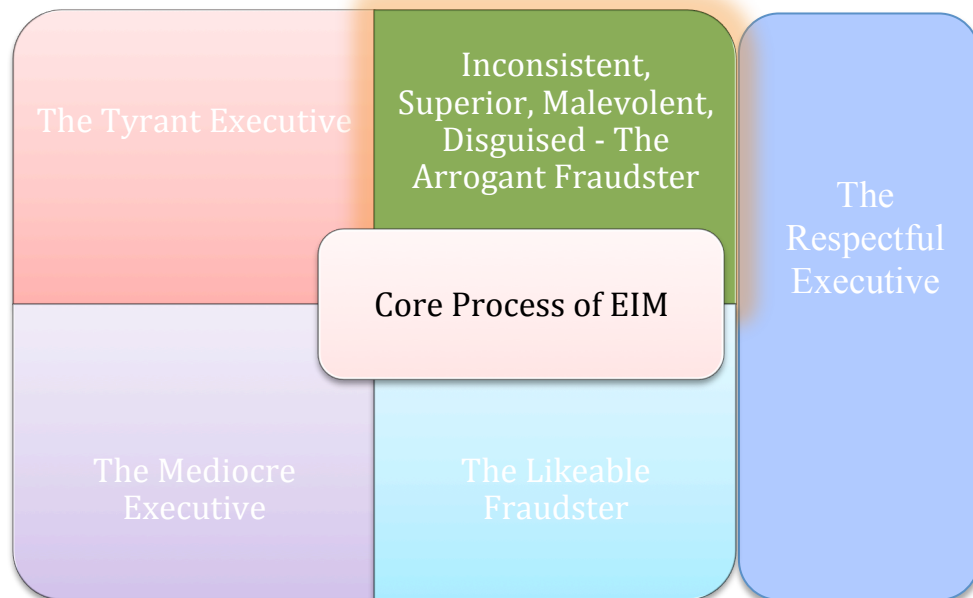


Figure 5. The Arrogant Fraudster Executive Impression Management

The label of 'Arrogant Fraudster' is applied to the theme from the recipients' references to the arrogance that they perceived. The concept emerged from four constructs describing this type of executive impression management, namely: **Inconsistent, Superior, Malevolent** and **Disguise**. The remaining construct refers to the organisational space that the fraudster executives found themselves, described as '**Unsupervised**'. See Figure 6 below.

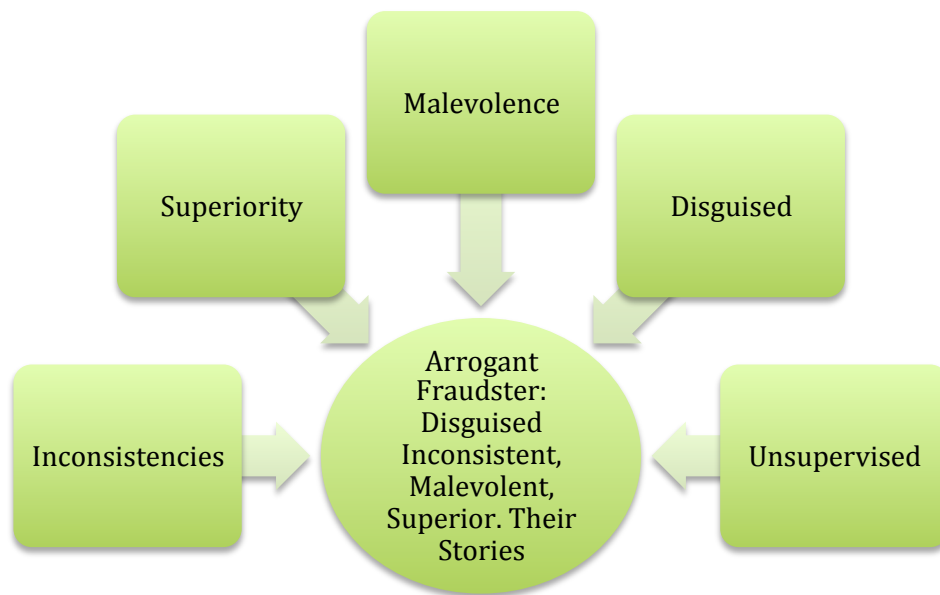


Figure 6. The Arrogant Fraudster, Their Stories

The Arrogant Fraudster is a central theme to emerge from the analysis and provides the foundation and key point of comparison for the rest of the concepts that emerged. Given its importance to the findings, relatively detailed data are provided to support the categories and constructs that comprise the Arrogant Fraudster concept.

Inconsistencies

The first construct in the Arrogant Fraudster concept is named **Inconsistencies**. This is based on two categories - *suspensions* and *how the fraudster reacted to demands* and is largely based on interview recipients' stories about their growing realisation that a fraudster's actions were not legitimate business dealings- an important aspect of the perhaps diminishing effectiveness of the executive impression management. This will be discussed later in more depth, but here suffice to say that some **Inconsistencies** were noticed.

Reviewing data relevant to *suspensions* first, this category contained discussions of a growing uneasiness over a long period of time and, in somewhat contrasting data, the occurrence of a trigger event. When interview recipients described a long term 'wariness', there appeared to be the formation of an idea that something was odd in the fraudster's behaviour. A recipient who speaks English as a second language made the following comment, which points out something unusual:

But just think that really um made me raise question, or I just was wondering why, he at the same time when in our other company upstairs, we were downstairs, there

was a [manager] and [the fraudster] would go daily for meetings kind of, you know...and when all this stills [?] kind of came, I don't know if he was consulting or asking help, or ideas...

The comments made by this recipient were questioned in some detail by the researcher in order to clarify her meaning:

Researcher: Did [your GM] share this with you when you were here at work at that point?

He did share a lot after. After [the fraudster] was found out. But at the time, he [the GM] gave me more authority to sign on things.

Researcher: So then in a way, there was almost a tacit agreement that you could keep an eye on him?

Yeah...yeah. He didn't kind of say that, but yeah... It was in a way I am sure.

In another case, a building uneasiness led to some important office keys being taken from the fraudster:

There were lots of little incidences. And that was what probably prompted me to put a trainee on in the first place: as his business was getting too busy, and it also prompted to me to say "Eventually we will have you in an oversight role "X" over the trainee as it were. To the point that I took his keys off him. Probably about a year before hand. Because he didn't need to have them. "Mate you are out with your business out there, you don't need to have them." Yeah.

Trigger events is the label given to a category of data that describe more short term events and consequences:

[The fraudster] was behaving difficult, he was proving to be difficult over a certain request we'd asked him to produce job costing reports because we were getting suspicious about, not suspicious, but we were starting to wonder why the business wasn't making the profits it should be...

Some interview recipients described *trigger events* that were particularly related to financial indicators such as unexplained discrepancies between profit expectations and account balances:

We could never understand why we didn't make enough money out of it. We were showing a profit but it wasn't sitting in the bank because he was spending it.

In another case the *external company accountant* got suspicious:

Accountant said " I just haven't been comfortable for a while about this guy. I am just not sure if there is something going on there."

Another business pulled in an *external accountant*, just prior to the discovery of the fraud:

[The MD] had rung me and said what are you doing and I was studying full time... he said well could you come and do some project costing and all this for me because [the fraudster] wouldn't do it. They'd wanted it for ages and he wouldn't do it. So he's asked me to come and do that.

An upline manager went on to described particular discrepancies discovered after their external accountant was brought in:

And, yeah, we did a bit of forensic accounting and we found discrepancies between what was being reported to the ATO and what was being paid. And then he came back from leave. And yeah! [sound of table being pounded]

And in finding an error the external accountant described how she felt:

*He had the full security for everything all the passwords and full access to it. So he just could do what he wanted with it. And it all changed and then when he asked me about that I thought, "Oh...", and with all the system changing, I thought "Oh..." and then I looked into it more [in the week preceding discovery].
[Later] My mum's noticed something's eating me and she's gone "What's wrong?" I didn't want to say anything because I didn't want to suggest he's stealing when I didn't know and my mum's like "You ring those guys".*

The second category in this construct, *how the fraudster reacted to demands* is of note. The fraudster who was about to have a change in his role, increased his stealing:

It was during that period of time that the amounts accelerated dramatically. Some months \$80,000 he would steal. Yeah, so [the trainee] worked with him.

And for the fraudster who had pressure put on him by his line manager, about refusing to do project costings, which rebounded on him and led to an external accountant being brought in:

So we asked for specific job costing reports to enable us to look at each individual job and he didn't want to do that or he made excuses why he couldn't do it all sorts of excuses and it dragged on and on and on, it went on for a year or two years. It might have even been longer so in the end I got jack of it and I said "Well, if you can't do it, I will get "A" back to do it."

Superiority

The next construct within the Arrogant Fraudster theme is that of **Superiority**. The label **Superiority** is used to indicate how the executive impression management was perceived through the lens of the recipients, which is not necessarily the intended impression management given out by the executive. This construct has three categories of *it's all about me, maintaining a successful appearance* and showing *arrogance*.

The category of *it's all about me* is comprised of data illustrating some fraudsters' need to draw attention to themselves. In some cases this was done through 'showing off':

*But once a week, we had Devotions done, a prayer time, sharing time. And then he was always trying to show-off and share stories during prayers you know...
Yeah, I think it was his personality, that maybe a bit. Like always trying to pose the good guy, the smart guy. Yeah, you know...Kind of a show-off kind of a little bit.*

In contrast, other fraudsters appeared to have a particular need to be liked by colleagues or their boss:

I remember her being pretty just friendly and just wanting to be liked.

As well as:

And he would sort of... not in some ways bombard you... but with everything that was good and right was certainly there. And "We are doing this" and "We've got this". And then you would never see other stuff. So anything else... He made sure that you were always busy; so that there were never, well, in my view, never much opportunity to be looking at other things. Whether that was by intention, whether it was intentional on his part I don't know. But in retrospect, you think back and think... gee, you know,

Having a *successful appearance* is another content rich category within the construct of **Superiority**. It includes a range of data relevant to fraudsters' *community roles, professional image and reputation, qualifications and education* and an array of *status symbols*. One fraudster's *community role* was:

Very much her thing, and again, you can relate that back to "Mrs Bucket" there, she was the leader of the Flower Group for the Church, which was the most important community group. She was the chairperson and that sort of thing, yes.

Having a well recognized reputation, *qualifications and education* appeared to be another area of appearing successful, as part of the ruse:

We were setting up a business, and didn't have the expertise in payroll functions or bookkeeping, we didn't have the interest or the time to skill up, so we decided to hire in some expertise. We'd selected a software bookkeeping package, one of the top two in Australia, and she was referred to us. She was on their list of Certified Professionals and was recommended by them, to set up our books and accounts.

In other cases, **Superiority** was demonstrated through some level of *arrogance*. Data in this category contained comments relevant to behaviours such as fraudsters "airs and graces" or having "a lot of front":

A couple of people in [in the town] who I had spoken to [before being hired], had all said "Ah yeah, she's pretty you know, very official, and you know blah blah blah In a small town, as a legal secretary and all the rest of it she may have pumped a bit of the airs and graces into it, you know with all her dealings with others she was a bit grandiose and all the rest of it.

Malevolence

Another construct comprising the Arrogant Fraudster theme is **Malevolence**. This label was chosen to describe data in the following categories of reported *stalking* behaviour and *violence*. In addition, *manipulating others*, as well as *intimidation* and *power* were all reported in a variety of detail.

Some recipients related information about the fraudster executive's entrance to the organisation through means other than an advertised vacancy. The reports indicated that some fraudsters deliberately avoided a due diligence selection process, for example:

So, initially I tried to fob her off but she was reasonably insistent and got back to me a couple of times and said you know, and I said "I will think about it and all the rest of it." Er... And then eventually in a weak moment I said "Ah look, all right yep, I will take it on and see how it works."

And another recipient describes how *quickly* the fraudster found his next target:

He had only just gotten off probation. Yeah, he ended it in the... he ended in around the December, and I met him in May. He had 18 months of weekend detention for his previous fraud against a merchant bank in Sydney.

In such cases it appeared that not only did the fraudster use stalking for targeting his or her victim, they also used such tactics of *grooming* key people:

I suppose because I wasn't staff and I wasn't his subordinate that he treated me a bit different, and maybe not an absolute equal but definitely not bullied.

and *making work*:

Then he explained that whilst he could set up the files and the businesses etc with the people we were employing, there was a lot of extra work there, and he also ran a bookkeeping service and for a very low rate, I believe \$30 an hour, he could do our books for us.

Another strand to **Malevolence**, which was subtler, was found in *being seen as useful* to the business:

Well it is not so much the saying no bit, he had what we wanted he wasn't demanding a high salary and we thought that someone like that who has just got out of University freshly trained should be able to grow with the business. There were all sorts of good reasoning behind it. We could not afford a \$100,000 accountant.

All of these strategies were discussed as a process to inveigle entry into the organisation and to stay protected once inside.

Violence is another category that the recipients reported. This appeared to come into play over time and recipients described behaviour that ranged from getting into pub fights, to physical bullying to being downright psychopathic – using their words:

*He came to work once with stitches in his head because he had been to his brother's buck's night... um about 50kms away, and then got into a fight, and then got cracked on the head.
I guess, that ... yeah. There's some elements of violence there in his character.*

Bullying, provided a specific example of emotionally violent activity that was exhibited over time:

We had contact with a number of his staff, who worked directly for him. And he was quite a bully. He'd be loud. He'd shout at them.

In retrospect, some fraudsters were considered by interview recipients to be *psychopathic*:

*Well the fraud consultant said that these guys are psychopathic.
And we were like 'What do you mean?' [feigning fear]*

Manipulation is another category to **Malevolence**. This set of behaviours included using *trust* to defuse any anxiety:

And yeah, it [their relationship] was sort of based on trust and on honesty.

To *being charming* to get what was wanted:

I think that our external accountant, um there was a partner but also the principle person who dealt with us was a female, young, single and when she ring and try to question him, he would try to charm her. And get away with it.

As well as *using authority* to get the required reactions from key people around them.

And then, I think he was a bit using his authority because sometimes we used to get bank bills or deals over the phone so he build up a friendship with the manager from [their bank] with the lady [bank manager].

Malevolence also includes the category of *intimidation*. It was reported in the form of *threats* to keep people in line:

But yeah, he was quite threatening and intimidating, because one guy muscled up to him, as he wasn't paying their wages and wasn't paying their super. "I used to play rugby union, you know, I can take you down."

Threatening behaviour appeared to be typical of intimidation:

And if she kept pestering him and say "Look [thump the table] its up to me [the boss] go and ask him yourself." Or he would say "That's what he said. Just do it."

Power was cited as being used by the fraudsters. Recipients viewed this from two viewpoints: negative and positive.

One form of negative control was *chauvinism*:

It becomes more apparent as years go by and you watch different relationships unfolding. It would be fair to say that as he got older he got worse. We noticed it more.

Hiring and firing to get rid of threats was also cited as a negative form of control:

I hadn't been there long when he started restructuring and got rid of the other two ladies that were there that were doing bookkeeping type work. So it just was in the end myself and X after three odd months. I am sure it was that quick He had only been there a few months before I started. He was a uni graduate. He cleared [the other women] out.

Another form of control was *taking credit* for colleague's successes, however, in this instance it rebounded on the fraudster:

He always took a lot of credit thinking that he was my mentor and taught me all I know and he would tell anyone' cos I went in there a few times on a contract basis he would be telling the ladies that worked there, oh you know, "Everything A knows I've taught her " which I thought that it was very funny that he was carrying on about that only weeks before he was busted [laughter]. Well didn't you do a good job? [more laughter, as she was the one that blew the whistle on him]

Positive controls included tactics such as forming a *good relationship* with subordinates:

...and that's where I suppose it was probably like a brother sister relationship where we'd sit in there and go yeah, okay I hate you, hate you, okay we'll make up and be friends.

Wanting *respect* from subordinates:

Yes, because he was kind of young, than all the other ...staff. Not all of the staff, but then... but he was kind of young. He said that I am young, and not that experienced and I ask you ladies to respect me.

And in a more esoteric form of leadership, doing *acts of kindness* to doctoral students:

He sponsored two PhD students from India, and the local Graduate School of Business named a research room after him, because of his donations and support to the students undertaking their PhD.... Masterful.

Finally, the use of power was evident in the fraudsters preference for *younger staff* when hiring the 'right' people; thus providing a context where colleagues were less experienced and skilled:

But then he was hiring, looking at younger staff when I left to as well replace me. It was like he wanted them not to have a lot of knowledge and get into the system and see what he was doing. I mean anyone with half an idea would've picked it up straight away.

Disguised

The **Disguised** construct is a key component to the way the fraudster's impression management was received and reported in the interviews by the fraudsters' co-workers. It was not known at the time that the impression management was disguised, but as the interview data was of reminiscence, the recipients talked about their impressions retrospectively and how they understand it in the here and now. Categories that made up the **Disguised** construct are the *dishonesty* that they saw; how the fraudster *fooled everyone*; how the fraudster was seen as *harmless*; *hiding behaviour*; the *long time it took to keep up the charade* and how they hid behind a *mask*. The category of *mask* is comprised of relatively complex and nuanced data, which is also discussed in detail below.

Dishonesty was a category comprised of relatively large amounts of data:

From *how they did the fraud*:

I said "Mate your business is getting busier, I am surprised you still are able to give us the time "X" to come in and your rate hasn't changed". I am being a bit cynical now... "Ahhh no, I like you. And we have been here since the beginning, and its not that much bother." and every time he was in, he was stealing from us. So it was no bother at all!

The fraudsters did not mind *implicating co-workers* in the process,

Ms A, who worked here at the time, I think it was an amount to her, of \$300 she got paid part of this [stolen] money. In fact we thought that A might well have been implicated by that, because of some of this. It turned out that someone came into the office and it may have been before May 2001. [The fraudster] acquired a picture for \$300, and he never had money, so A lent it to him and he said "I will pay you back later." Which exactly what happened [out of the company's funds].

To *lying*:

...and he is good at it because he could look you in the eye and be your friend and lie to you. He could keep that up. Well he kept it up for years.

To *misplacement of trust*:

They were careless with their controls and stuff because they thought that because he was their friend that it was ok and he'd get a bit of and paper and say sign this and they'd sign.

Fooled everyone describes well how the fraudsters *hoodwinked* many people:

Because he fooled a lot of people. We had external accountants. He had those guys fooled. The ATO, OSR, workers comp, our super funds... the unions with their membership fees. He fooled them all.

And the fraudsters were *not upfront*:

He wasn't accountable and he wasn't up front and he would sway everyone through being stupid or humour or whatever, to throw you off whatever you were doing.

Being seen as *harmless* was another essential part of the **Disguised** construct, and again had many nuances. *Competence* was a necessary part of their disguise although it will be seen this is not in all cases.

*Researcher: Going back to the time where he did work for you, what was he like as an employee for you?
Look generally he did his job.*

However, the *employment decision* was very easy:

*Researcher: ... it was still the best employment decision you could have made given that information?
Well it seemed appropriate then.*

One fraudster used the device of being the *joke in the office*:

...because everyone else was with partners [at company functions] at least twice a year. And it became a joke in the office.

and in a reference to another fraudster:

*Researcher: How did he respond to that?
He brushed it off; he'd brush everything off as though it didn't matter, just laugh it off. He'd laugh everything off. Even when they put pressure on him with regard to work it's another thing that really stood out to me that really.
He used to laugh and brag to me and carry on [acting silly] because he could distract [the two Directors]. If they came in for something he would just send them straight off on a tangent and they would leave the office not knowing why they went there. You know sometimes how you go back and sit at your desk and go? That's what he used to do to them and he'd go "See what I did?" ...he used to find it hilarious.*

There were *no warning signs* of the executive being fraudulent, which were remarked upon by the recipients in their interviews.

But in essence, no warning bells, no-one that I spoke to gave really any indication of "You need to be careful", or anything of that nature.

One fraudster used a *childhood accident* to explain away odd behaviour:

From what I've heard from his past, he had a fall or a terrible accident or hit his head, or that kind of thing. I don't know if that is important.

Researcher: You actually knew that at the time did you?

I think it came in the conversation that when he was young he had an accident. So he must have fell on his head. Or all that. So I am not sure if that affected his thinking. You know.

In the category of *hiding behaviour*, recipients discussed fraudster executives' ability to throw off suspicions by various means, including balancing the books:

Same sort of thing happened with the church. Ms A and [the fraudster] both went to the same church group. And the youth group needed some money and there was a loan there of \$1,800 paid to the church - we knew nothing about. Funnily enough, the church actually paid that money back too, but it never came back here. I don't know where it went somewhere else. But some of the \$58,000 [the fraudster] used that to paid that \$1,800 loan. So the books were ok.

Hiding behaviour appeared to be all about avoiding discovery:

And it was only when they started closing the noose, that she then, in that they put it on her, and they said We are checking where's this and we want this money in by then... blah blah... large sums. And it was only then, you know, the only way she could access those funds to stave them off, and stave a full investigation from their end. Was to put the money in the daily manual, they were large sums of money, so she then hit the trust account to cover that... So we reckon it was only in the last weeks that she did the real damage as far as we're concerned.

Data demonstrated that fraudsters would do all sorts of tricks to avoid detection, even little things like *closing down screen of PC*:

We did put a trainee, a young girl to work with him. But it would appear that he kept things to himself. He had his own PC and if she came near it, he would close down the screen so she couldn't see it.

The recipients also referred to how some fraudsters hid money and assets. This information became known after the discovery of the fraud but is relevant to this category as it is one component of the fraudsters' behaviour before their fraudulent activities were discovered. One common approach was to *hide assets* by putting housing in other people's names and to leave a minimal paper trail:

I mean the brother and sister-in-law knew because we'd been through all their paper work because of the house. Did [other recipient] tell you about him with the house?

Researcher: Yes it looks as though it was the [fraudster's] house but it was in the name of the brother.

Yeah. I've been through all of their financials as well to justify that it was their house.

Researcher: And was it justifiable?

There was no way we could say that it wasn't. It would have been really...

The tactic of a fraudster registering *assets in another person's name* was not only linked to housing:

We know that he had other motor vehicles in his sister's name. I said to the administrators he had up to four vehicles, he owned a flash black Landcruiser, a WRX, a little Toyota and a Ute and I don't think any of them vehicles were registered in his name. So when we tried to track down where they went, they couldn't, they

weren't in his name. Nothing to do with him. He paid cash for them and put them in his sister's name.

Some of the data within the **Disguised** construct demonstrated issues relevant to the relatively prolonged period in which recipients were exposed to the fraudster's behaviours and these were categorized under the category of *long time to keep up charade*. The data in this category show that interview recipients perceived behaviours such as a building up of stress, which demonstrated itself in comments about fraudsters becoming careless, or through a comparison of first impressions with behaviours over length of time.

The length of the fraud could be considerable, one went for 8 years, another was pronounced in precise detail:

He started in about April, May 2000, and we discovered his fraud on 16th February 2004.

Keeping up the charade took its toll. One interview recipient described a fraudster who tried to release his anxiety in other ways with repetitive hand washing and nail biting:

He washed his hands all the time... I would say he must have done it like ten times a day. It wasn't every five seconds but it was way more frequent than what. He was a bit...and that's why we always used to laugh bout him going to prison like, Ooh Mr. Clean Hands you're going to have [indistinct] time. He chewed his fingernails down to like the quick. That was the bit that was funny thing about him everything had to be 'supremo', with the hair and he would talk about having twenty pairs of shoes and wardrobes full of clothes, everything had to be perfect but then he had these gnawed down finger nails and he'd be sitting there chewing on these stubs of things, it was disgusting. Yeah the fingernail chewing and the hand washing were two things that really stuck.

Getting angry was another way to reduce anxiety. One fraudster had an extreme reaction to a missing briefcase:

He always had his briefcase with him and he lost it once or someone stole it. And I can remember him being crazy about that so I don't know whether there was cash involved in that or a cheque or reasons that he should have been worried but yeah I mean and I know I'm pretty laid back and I lost something I'd go "Damn you!" and ring up and cancel my cards and get over it, but he was raging over it. I remember him being really overly upset about it.

Becoming careless was demonstrated in several ways: disinterest in work; some level of incompetence or being perceived as "laid back". One recipient discussed the fraudster's *disinterest* as a lack of concern for contributing to the organisation:

Yeah, he wasn't interested in that much. I mean he was trying to manage the company and, but yeah, I couldn't say that he did a great deal for the company really.

However, *disinterest* was also demonstrated through actions such as considerable *delegation of tasks*, *a lack of focus on specific tasks* and actions that were perceived as illustrating

laziness or a reluctance to "pull their weight". The following description shows data relevant to this category:

Yeah, but I look at it now and I don't understand what he did. Now that I know [about the fraud]. Well working here was full on, so yeah I really question what he did, I think he was busy organising his social life, he'd do a few bits and pieces but I stop to think and I think like how I deal with the girls out here and I'll go "Excuse me what is this transaction?" and "What are you doing this for?" I can't really remember him asking me anything like that. It's not something that stands out that he would come to me work wise with work related questions. It was more he was always telling stories and carrying on talking to his mates, lots of emails... He was doing some of the payroll earlier on and that was probably the only thing he did and I did all the data entry and because there was no annual reporting and analysis done there.

It was not only paid tasks that fraudsters were perceived as showing *laziness*, it was noted that one fraudster became lazy even with his own devious dealings:

What we learnt earlier on was that he diverted all the mail from all statutory authorities and the bank to his own post office box. And another later occasion, and we were able to confirm that. We had him identified as the owner of that box. So all the annual notice... Because he was slack and lazy. So kept getting caught out in his own subterfuge.

Delegation was a particularly useful strategy used by some fraudsters to reduce their workload:

He was always the 'big manager', and he just got the other staff to do everything and he was probably good at getting them to do things.

What is interesting is that some co-workers often thought that their fraudster had a *degree of incompetence*:

He wasn't a qualified CPA. He didn't get that qualification the whole time I knew him which was eight years so he really, looking at some of the accounting stuff that he did, going through it as well, I was like "Whoa!"

And:

But when you asked him to do something, he really didn't have much of a clue.

As well as in their fraudulent activities:

But I think it was lot of stupidity to do what he did. And um, yeah, it is hard to know what to call him now. What he was really thinking at the time. He thought oh yeah, I will set myself, get myself some money and all that. On the other side he should have known that he would get caught.

Some interview recipients described their first impressions as a point of comparison with their later knowledge about subsequent, fraudulent behaviour. These particular recipients remarked on the apparent *oddness* of the fraudsters during their initial contact:

He didn't look like a [bank] branch manager to me. He wasn't branch manager looking material I guess. Very nice but not as professional as I thought that a branch manager should be. Very laid back, casual.

Researcher: His clothes were casual?

No, he was in a shirt and pants, but no he just wasn't, didn't, first impressions were, "No he doesn't look like a branch manager to me."

And:

He's a bit of an interesting character. He was a sort of funny sort of guy...

In some cases the initial impressions contrasted with impression management that *changed over time*:

...in the beginning he was nice, not that experienced you know when you start working in a new place and... um... Yeah, he was kind of interested to learn but I wouldn't say that, you know that he was really keen to learn, he was coming to work trying to do his best. And then I think he was very pleased when he was the manager in charge and when he got power of acting.

One of the highly nuanced categories of data was that labelled *mask*. Within this category there are a few references that show that the recipients actually saw acting (an important point in the impression management process):

And I didn't pay too much, you'd notice him... it was a personality thing with him...he always... say bung on an act, you know... You could see that.

And another recipient remarked when she started work:

But that first day, pretty much I can only probably remember him wanting to be looking the part and acting a little.

And after a few years of working with the fraudster:

At that stage I sort of thought, you know, a few times I have seen him stack on a few acts.

Another type of *mask* appeared to be the capacity to draw upon a range of *persona* to suit different contexts:

He seemed to be able to compartmentalise all these different aspects of his life. All his multiple personas. And interchange between them.

And one fraudster adopted the role of a *poser*:

You could easily group [one of the Directors] and [the fraudster] as posers, big time, la di da and hair and everything that went along with that.

Finally, the fraudsters started stealing fairly soon within entry to the organisation, *in small delay in starting to steal*:

I guess it was about a year or maybe eighteen months after he started here that the fraudulent behaviour started and then it really got bad when we had a contract that we were doing really well out of and he could obviously see that during the period of that contract.

To summarise, the construct of **Disguised** contains data from interview recipients' unstructured stories which describe the experience of seeing a disguise at the time of working with the fraudster and retrospectively naming it. At this point it is important to emphasise that several recipients believed that they saw an illusion but did not realise the importance that could be attached to it.

Unsupervised

While being **Unsupervised** is another construct of the Arrogant Fraudster, it has a different emphasis to the previous constructs. The preceding constructs focused on interview recipients' perceptions and memories of the fraudsters' behaviour while data in this category is more closely aligned with structures and roles within the fraudster's employing organisation. There are three categories within this construct about how the upline managers *were forced to delegate* and *showed a lack of management expertise* as well as having *low expectations*.

The category of being *forced to delegate* demonstrated that the size and complexity of some organisations resulted in managers assigning specific tasks to the fraudsters because they lacked the time and capacity to “*drill down and do everything*”:

We are the managers running the activities, so it was a high profile project that we were involved. The highest we've ever had. We had an internal staff of maybe 14, at the time, external staff of around about 35. I was the overall manager. You just can't drill down and do everything.

Similarly unforeseen events can overtake a business, as in the case of a fraudster who was appointed as an acting manager, and thus put in a position of responsibility, which he abused:

He was employed and worked for a few months with the manager. Unfortunately the manager got sick and he had to and he was diagnosed with something longer that took longer than everyone else expected... for him to be away that long, so no one really planned in the meantime that x would be the acting manager and all that. But things just turned out that way.

Likewise, events might mean managers could be far too busy because of the growth of the organisation and not around to supervise:

*Researcher: And you were very, very busy weren't you?
Yeah, we are front people, not back office people.*

And in *lack of supervision* without managers around:

...most places don't operate like that it was all too easy. The whole environment was a little casual we had a lot of fun...

And there could be a lack of face to face contact which exacerbated the situation:

No, not on a daily basis, a couple times a week. I had contact with him on a day to day basis. We would go down there to see clients and deal with things.

A *lack of management* expertise could also contribute to particular employees being largely unsupervised. Data in this category described a range of contexts such as the inexperience of the business owners in accounting:

And because we had come out of a corporate environment, we'd never had to deal with that [accounting] activity. Someone else does at their level of expertise... So um, it was a whole new ball game for us. We needed to develop the expertise and as we became aware it would become more complex and as it would detract us from much more important tasks, he made the offer of outsourcing the bookkeeping function as well. Bang! Done.

Relatively unstructured workplaces, particularly where work relationships were 'like a family' also contributed to a lack of experience with close supervision:

I guess it wasn't a work relationship it was more of a... family kind of thing I guess.

There were *low expectations* of the executive fraudster in some instances. And in one case with low expectation of revenue by keeping branch business revenue neutral:

He'd submit monthly, income and expenditure things. There were never great profits there.

Finally, the accounting function was seen as *low priority* work and particularly bookkeeping was seen as low priority:

...and payroll and bookkeeping was a minor administrative matter.

Summary – Arrogant Fraudster, Their Stories

The key constructs to emerge from the unstructured interview data were: **Disguised**, **Malevolence** and **Superiority** describing the characteristics of the impression management by the executive fraudster, whereas the constructs of **Unsupervised** and **Inconsistencies** relate to the organisational role and how the impression management was beginning to break down. The data used so far are from the Their Stories section of the interview. The next part of this section describing the Arrogant Fraudster theme now turns to the Question Data.

Question Data

Using a rigorous constant comparison methodology starting from scratch with each utterance in the Question part of the interviews, a broadly similar Arrogant Fraudster theme emerged from the Question data. Figure 7 shows the Arrogant Fraudster (Question Data) map with its constituent constructs and categories. The two patterns of data categorisation are not an exact match but the emergent constructs are analogous. To present the data in this concept the constructs will be once more individually reported with supporting evidence.

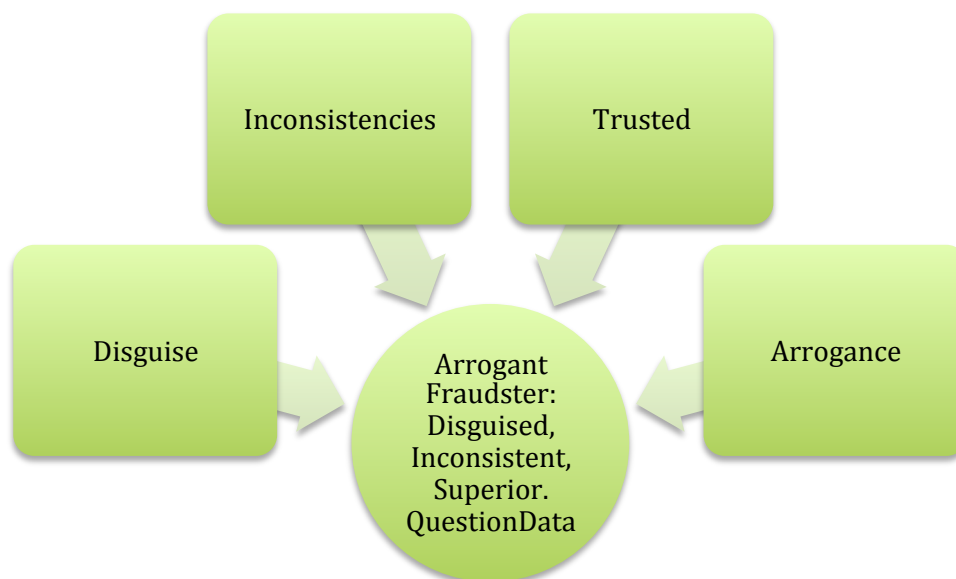


Figure 7. The Arrogant Fraudster, Question Data

The Question Data supported the emergence of four constructs to the concept of Arrogant Fraudster, which are recognizable from before, that is, the use of **Disguise**, **Being trusted** with a show of **Arrogance**. And finally there is the emergence of **Inconsistencies**.

In some cases the data are closely aligned with specific questions asked of recipients (See Appendix E). For example, it could be expected that themes such as arrogance would develop via the direct question: ‘Did you think that he or she was arrogant? Yes/No.’ However, it was not anticipated that the constructs of **disguise** and **inconsistencies** would emerge from these data, and certainly not to the extent of the many descriptions that were related by the recipients in this section. Significant additional data were added to the patterns of behaviour that developed over time - which were labeled as **Inconsistencies**. These were *little things* noticed by the recipients, little things that do not necessarily add up to anything, but nevertheless are there.

The **Malevolence** construct was enriched with data describing observations about *long term* and *risky behaviours*. Although it did not related to one specific question. In addition, the issues of *trust* emerged as an important area of data.

Although the Arrogant Fraudster theme from the Question Data looks as though with only four constructs it was light in content, it was not. The following is a short version of an abundance of utterances.

Disguise

The construct of **Disguise** emerged from the categories of *hiding* activities by the fraudster, the *front* he or she put on and again, *building a successful image*.

Hiding was discussed in two particular contexts. Firstly, there was the capacity to hide actions within apparent disorganisation or “mess”:

...when you are responsible to sort something out. And everything that you are responsible for is a mess anyway...And it does make it harder for anyone to come in and sort it out.

Another approach was that of being *adept at covering actions*:

But he obviously had, I mean... in the transaction that he did. He obviously knew enough about how he could cover, how he could get transactions into the system. That nobody would question. How he could process... He obviously knew enough about what he could do, and he obviously thought about enough about what accounts he could use to do this.

Adeptness turned into a superior art form with one particular fraudster who was covering up his fraud:

We had a super fund chasing him for 7 months. And he provided transaction reports. “It must have been here” [the fraudster would say], and they would come back and say, “We can’t see it.” And he would say: “It must have happened there. Go and have a look again”. And then, after about 7 months, as the employees wouldn’t let this go, the money materialized [as the fraudster would put in his own to cover up].

One fraudster used a suspense account for *hiding* cash:

I mean he ‘d just use suspense accounts for hiding these transactions. It was his responsibility to reconcile the suspense accounts, and they obviously weren’t reconciled, so that was another nice way to cover up things,

The data in *front* he or she put on were rich in statements, which will be described in some depth. One recipient *noted maintaining a façade*:

In hindsight, [the fraudster] was very good at maintaining the facade that he was professional, cool calm, under control.

Creating persona was another subcategory in this category of data:

The persona that he created was that he was successful. He had been to a private boys’ school, University, Sydney cricket ground. Rugger boy. Used to go to Internationals. Relocated here... A number of businesses going: accounting, bookkeeping, IT, web design, two offices. People working for him. How good was that? Looking to buy the next door neighbour, knocking down both houses and building a series of units. Ummm... He was going well.

With “*big front*” being typical:

*How to describe [the front] is a bit hard, but you just know that it’s there.
Researcher: Would you say it was just minor?
It was very low level, it was noticed. It didn’t appear to pose any threat to the wellbeing of the business or what he was doing, you know what I mean. It was just noticed.*

There was also noticed a *front at work* which captured a lot of statements, from *doing important stuff*:

Yes because I didn't know what he did. He always came across as he was always doing stuff and important. But when I look back at it, I still couldn't tell you what he did.

To pretending to be without resources in trying to *not be obvious*:

One of them [his wrecks that the fraudster used to drive] broke down in our car park and it sat there for 4 or 5 weeks. So it made people talking, and we said "Can you tow it away please?" It was an embarrassment.

No. No. No. No ostentatious signs at all.

No, no. If I had seen anything obvious. I would've acted swiftly as I did once I saw something obvious.

In answering a question about addiction, one recipient mentioned unexpected sides to the fraudster:

He had some subscriptions to some pornography sites including some transsexual sites...

Well, it turned out he had an online betting account, which we didn't know until later on. It turns out that he had subscriptions to several pornography sites. Again we only found out later on.

Another point of the construct *front he or she put on* came from wearing a *good mask*:

Researcher: Yet you still had this feeling of him being bit of a fake?

Yes I did...

In the subcategory of *his nature* one astute recipient observed:

he was always a good actor, that's his nature.

And similarly with *impressing everyone*:

Oh yeah, interesting. I think somebody knew him and recommended him as a good guy, something yeah... I think through contacts somehow... And I think he tried to impress the whole you know, again. When he got the position, he tried to impress the Board, and that [fraudster], how good he is and all that. And he got away with it.

Instead of impressing, one fraudster was noted for *embellishing*:

In perhaps, in embellishing things. But the embellishment generally related back to her involvement and her importance. More so than you know, an outright lie where you catch her out. She didn't tell me that she was like acting for Kerry Packer or something, blah blah that sort of thing. But certainly embellishing her role in some things. I would get that thing. And I thought "Oh..." and again... "She wants to see herself like that, if it makes her happy, it doesn't worry me". I have never been someone in any stead. I don't feel that.

Data relevant to the cultivation of a *successful image* was pervasive within the question data. Recipients' comments ranged across a range of specific indicators relevant to the perception that a successful image was important to the fraudster, including being an ideal citizen or an active member of a church:

Oh yeah, [the fraudster] was pretty active member in his church... He had a pretty high profile there. I think he was amongst the leadership team in his church.

Again with reference to religious faith, when asked if the fraudster displayed no morals one interview recipient replied:

I don't think so. I mean the guy. For our organisation, the guy had a strong Christian faith.

In *presenting well* a recipient remarked that the fraudster had lots of cash on him:

but never ever would he suggest that he was tight for money, he always had lots of cash on him.

Another part of *presenting well* was being *meticulous*; a recipient describes how meticulous the fraudster was in everything:

Extremely well dressed. Meticulous would be more the word. Meticulous to the point of almost ridiculous in that he would come to work in the morning take his jacket off, brush it down and put it on the hook and his desk was always spotlessly clean and he was extremely tidy organised person... Everything was where it belonged... That's why I have no doubt that he hasn't gambled all this money away. This hasn't been squandered through the casino... I've got no doubt. He was too meticulous, he knew, everything, he knew what he was doing... Very well groomed and he used to talk about his wardrobes full of clothes. The whole upper floor of where he lived was full of wardrobes of clothes. He had a lot of clothes. He always joked about that, maybe that's a form of greed. I think we all wore our [corporate] work shirts, but I don't think he did.

Comments about *status symbols* also contributed to the successful image category:

Yeah, I think he did, when he was looking for his nice holiday and his house, like this." I am going to get a car."

One fraudster even had a *wish list* of desired goals on his computer:

Because I found this little interesting... in the judicial summary... I found this interesting spreadsheet that he prepared on his computer that was, if you like, it was the wish list. And someone of it what was a bit far [indistinct] There were enough words in there: he put in the house, the airconditioning, the car, and everything else that he put in. And it all totalled up to about \$500,000.

Having a supportive family, especially with parents being around was noted for several fraudsters:

He was very well looked after by his mum.

There were also data that included a variety of statements suggesting a sense of *unfairness*.

One recipient proffered:

Maybe he had this sense of unfairness, "How do other people achieve these things, you know, so that's why I have just got to get myself established." I think that was his sort of attitude. Maybe that's what he thought he was doing. Getting himself established like everybody else.

Inconsistencies

Another equally plentiful area of data relates to **Inconsistencies**, which comprise an important construct to the Arrogant Fraudster theme. The constructs that were developed

were what one recipient remarked as *character compositions* the noticing of the fraudster *being controlling*; showing *differential behaviour*. There were also *little things* that were picked up: being *malevolent*, *manipulative* and having *risky behaviours*. These constructs were considered to be different from what the recipient expected with the 'nice person' image that all the fraudsters were giving out.

One recipient used her own phrase of *character compositions* to describe how the fraudster differed from other people:

It's like Ok. We all not feel well or something [to have time off], but that's not for him. He just planned to have something else. That kind of character compositions.

Whereas another recipient said when asked if there was anything else that was remarkable about the fraudster, responded that he was showing signs of *greed*:

He was a bit funny, the previous manager told me that when he first came along he was told to go out and buy himself a chair, a nice comfortable chair. And I think that you know the budget was \$50 or a \$100 at the time. And I think that the chair arrived and it was \$450. And he nearly fell over backwards. It was I think nothing terribly special. But that was one comment that came up. You get [the fraudster] to do something, make sure you are very careful in what he does. Give him a little bit of authority... ends up you know, much further.

A character trait that was interpreted as exhibiting a need to be *controlling* featured in a relatively large amount of data. Being *controlling* was observed and felt to be a bit odd, therefore noteworthy, as no question was asked about the fraudster's need for control. This extended to control over *material possessions*, *community activities* and *close friends*:

His cars, the vehicles he did drive were always clean. He was a meticulous, clean, well-shaved, groomed person. Liked everything around to be in its place. It's a control thing isn't it? It gave us the perception that he cared about the place and his job.

And:

She generally was never one to sit quietly in the body of a meeting, she would always has something to say, or be in control as such, have a position. Very much her thing.

Also:

And he also ripped off one of his girlfriends... He had this thing going where he would deposit the funds from [a Director's] bank account. He fed this girlfriend this story that his bank had done something and his card didn't work or whatever, but he told her he was putting all his wages into her account and she was going to give him the cash.

The controlling behaviour is attributed to a *controlling father* in the next statement almost as an excuse:

No. I think his only drama in his upbringing, was his old man was extremely tough on him as far as discipline goes. I am sure he copped a few clips over the years for not listening, not doing the right thing and [the fraudster] was the same. That's where his attitude came from I think towards his subordinates. Yes I think his old man was pretty hard on him.

One recipient extended the metaphor of performance to include *emotion as a performance* as a means of control, and what the recipient had to say is very revealing:

You could see people at moments of weakness, I could tell you like [the Boss], I've seen him as human, I mean you see them really angry, or really sad or just devastated or excited and you saw all these different things, but [the fraudster] was a bit, he just seemed liked he was always performing. You just dismiss, probably didn't take him seriously, because it's just [him] - carrying on.

Fraudsters used *blaming others* to protect their impression management, it was obviously to their advantage to blame others to cover up their fraudulent activities:

*Ahhh! It was always someone else's mistakes.
Oh o, he was very good at that... Very good at blaming others. Always. And then:
"I'll fix it up."
"How did you go?"
"Sorted it out and this is what happened",
Or:
"They credited it to the wrong account at the ATO."
...Oh it was constant, not constant, no it wasn't constant, it was regular. Enough for me to put on a trainee. Enough for me to take the keys. He didn't have to come in after hours, he didn't need to.*

One fraudster had a childhood accident and ensured that everyone knew about his *health issues* and any odd behaviour was accounted for:

We probably all felt a bit sorry for that seizure issue and his illnesses that he had. And everyone was aware of them, of his health issues. He often talked about that. He kept on getting bad headaches and things like that, and maybe off for a day. Once a month, he would be off with a bad headache or migraine or something. Put it down to his problems. We were all aware of that as he talked about this significantly.

But the game *couldn't continue* as one recipient remarked:

but the job costing never came that went on and on, excuses, excuses and that was his downfall at the end of the day. He must have known that.

Another adjunct to controlling was how they *dealt with threats* to them:

They had a formal sort of gathering of our key staff to sit down and they do all sorts of things to try and get a team atmosphere going and [the fraudster's] attitude towards that was very very negative not participating at all. He obviously felt threatened by it.

When questioned about surrounding themselves with 'Yes men', one recipient explained how it went with one fraudster in *fired someone who was clever*:

*Researcher: Did he surround himself with 'yes men' or women?
Probably. With his friends and his girlfriends.
Researcher: And in a way you because you were so...?
Young and impressionable.
Researcher: And he replaced you with young and impressionable...?
Yeah and one of the [older] women... She and another lady that worked there and their kids went to school together anyway and after he got sent to jail and everything, this other lady saw her. [The fraudster] had got her sacked, he said "I don't like her, she's useless." When these two ladies met up she said: "I'm on to him and he didn't like it." because this woman had lots of experience and she was doing more than*

where he drew the line that you're allowed to do... And she could run reports and she could look at stuff and she started questioning things...

Control also extended over their subordinates, acting like a *lord and master*:

Yeah... ah yeah, younger people. 10-15 years younger. The Indian [PhD] students in his IT company.

Controlling their own emotions was a feature of the fraudsters; a recipient describes what it is like to be with one:

Most of what you saw in [the fraudster] was very much like this, [signing a flat line with his hand]

Researcher: Not spikey?

No, no. Not spikey. No peaks and troughs. Very flatline.

Another recipient describes this as being *shallow*:

No, I never thought he was deep enough to assess someone on that level. Oh, "He's an idiot." or "All those boys out in the workshop they are a write off, 'cause they're all the same." He would sort of [say], but he was never very deep. I never ever could, that would be the furthest thing I could say about him is that he was deep because he wasn't. He was really shallow. But he was never suspicious and I think that was too much of something to be. Because he's someone who would think that no-one would cross him because he's so good.

Inconsistencies were also apparent in descriptions of *different types of behaviour*, for instance, when the boss was not around:

I think I did hear some staff member say... that he was a different person in the car to what he was at work... I actually heard somebody say that.

One Managing Director describes how it went with the fraudster around:

She did say that he would close things down, or say "That's the way we do it." or "I want it that way". "I am only doing what the boss said." Sort of thing.

Researcher: My way or the highway sort of thing?

Yeah. He didn't share, obviously, as people would say: "What's going on?"

So his behaviour to others was different to the behaviour to myself.

Most of the upline managers stated that they never saw bad behaviour from the fraudster:

Researcher: Did he treat people unfairly?

Not visibly, but certainly those who were answerable to him, he was very unreasonable. The girls used to complain about how unreasonable he was and his attitude towards them.

I never saw it. I never saw it to be able to... It was always say so. Tricky. It was never there in your face. It was always..., apparently if I wasn't here or had gone home early, yeah, you could expect a different [fraudster's personality], so as to speak.

Some fraudsters were also described as holding different views in private:

But yeah, but those times, yeah, I would say... yeah certainly gave that impression. But privately though, her views were completely different.

Strangely, it appeared that most of the fraudsters were very careful to never let their home life "meet" with their work life. Recipients appeared to believe now that this was associated

with the different behaviours required of the fraudster in different contexts: One recipient explained:

Well no, because she [the fraudster's wife] never came to any of them. She never came to our Christmas party, she never ever came to that. The whole time I was there she didn't come to one, oh no, she went to one barbecue but the other times no.

The recipient's conclusion later on in the interview:

So I really don't think he wanted her to come. I really don't think he wanted her as part of his work life.

On the discovery of the fraud, with the meeting with the full Board, one fraudster had his wife sitting in car outside:

His wife was apparently was sitting in the car downstairs in the garage, she never came up. So I don't even know... that she knew about it then. I don't think he told her. Being him, he probably said I've got to come in for a meeting at work, there's some business that I need to do.

But most kept their private life at *arm's length*:

To be perfectly honest, his private life was kept at arms length. You would occasionally learn a few bits and pieces like this supposed house.

Almost inexplicably, some recipients reflect their feelings of being confused seeing acts of *genuine caring* by the fraudster when they knew that he/she was capable of deception and fraudulent behaviour, for instance:

Here's something that always strikes me, because he had I guess one of his other passions was gardening, ...And he used to come in here occasionally and do all this gardening around the office. He did all that. Why? I never do remember seeing how it was paid for or anything, but he did all that you know and it's quite a nice garden.

This fraudster was seen to be genuinely caring because he was *looking after me*, that is, the recipient:

So, but he was friendly: How's the weekend? How's the kids? He came to my house, my 40th birthday, and give me a gift. He brought me things at Christmas and took me out to a function or two. So he was trying to be a bit gregarious there. Trying to look after me. I was friendly. I mean he was in his office, and wasn't chatty.

Another set of inconsistent behaviours was connected with being *inept* for the job. It was somewhat surprising that the skills provided did not match the job for which the fraudster was employed in a number of cases. This is described in *didn't have a clue*, which was a reverberating theme in the Their Stories data about one fraudster in particular:

[The fraudster] was actually brought in to provide the financial [wherewithal]. It was obvious that he didn't have a clue. I think he was out of his depth. I don't know. He didn't even understand the system here.

Other examples of being *inept* included comments about: being *unable to do accounts*, having *everything in a mess*, and *not being thorough*. At a more general level, it was *the little things* that contributed to patterns of inconsistency:

And he end up with better chair. Ahh, that's when I look at the other lady and thought "No way!"

And from another recipient:

Pushing the limits I suppose a little bit.

Despite the existence of apparent inconsistencies, there appeared to be a tendency for upline managers to ignore the behaviour:

Um, yeah, I just sort of, ignored it. Didn't seem to have anything of significance.

Some particular inconsistencies did not manifest themselves early in the employment period, but later began to be noticed by the recipients. This was particularly the case with data that comprised the 'emotional abuse' category, which included recipient's comments about *abusive, chauvinistic, sleazy* and *threatening* behaviour. Most of these data aligned closely with similar categories, which emerged from the unstructured interview data. A selection of the data is presented below as an example of content rich categories covering discussions of emotional abuse.

I can recall some of the staff saying that he was probably quite dominating. I think he was a bit threatening when he asked them to do things, it was like "you will do this" or you know like...do this or you're out, sort of thing. A bit threatening. ...especially if he had shown them twice; once, twice, then it was "then you're bloody stupid" "What are you, incompetent? Don't you listen?"

Inconsistencies were also apparent in specific examples of being *manipulative* by lying and duping a supervisor:

And there was another transaction where he wrote a cheque for a deposit on a house that he was buying, which got used and charged to a suspense account. I actually signed the [fraudulent] cheque... Just waited when I was on the phone one time at lunchtime, and just came up and said: "I'm just rushing to get my solicitor, could you sign this cheque?" And that's what happened off he went. Course I knew he was buying the house I just assumed that he had money in the account, you wouldn't think to check, and that's what he did.

Another component of the **Inconsistencies** construct was comprised of *risky behaviours*. These behaviours are put together as they risk health and the safety of the fraudsters as well as people around them. They include examples of amoral behaviours as well as alcohol and drug use, gambling and risky 'wheeler dealer' activities. An example of amoral behaviour was described as:

But then the investment had this criteria added to it, were you could participate in bonuses according to how successful we are, which could give you returns of 60% per annum. And they will be paying placement type bonuses! The first bonus was about \$58,000, and another for 40 or \$50,000 to come.... So he fully accepted that

the company was to get 7%, and the rest of the bonuses he was going to get. In his mind, that was fine, that was just fine.

Drinking and drugs were discussed in several contexts, often as a suspected behaviour:

Oh, she used to hit the sauce a bit apparently. Apparently, and subsequently when we searched the bottom of the draw there was evidence of ...

Researcher: Oh, at work?

Um... um.[yes].

Researcher: But you didn't know at the time?

No, no.

And:

Some of the people thought that he had been on a drug, like speed or coke, as sometimes he would appear at functions with his eyes were a bit red, watering, and a bit distant and a bit out there... um...

Gambling seemed to be fairly common with the fraudsters:

So an awful lot of it was laundered through the casino. We didn't know he was a gambler until after the event not to the extent that he was gambling anyhow. We knew he may have gone to the casino from time to time.

Being a *wheeler dealer* is one of the Red Flags that Romney et al., (1980b) had mentioned:

I know that they spoke a lot. And it appears that [the fraudster] ...got the support of this guy. But this guy knew nothing about what [the fraudster] had done, but he knew [the fraudster] was talking about it. And they were talking about investments generally, and they were all... they were both wheeler and dealers in how to get the best value out of things and the best opportunities. He had a real alliance.

Trusted

One of the additional constructs that emerged from question data but was relevant to the Arrogant Fraudster concepts revolves around the notion that the fraudster managed to be trusted. This construct is made up of six data categories: *didn't report him/her upwards*; *making the employment decision* and *that nothing apparent* was seen; how people were *sucked in*; how they *trusted him/her* and being left *unsupervised*.

Data that revealed a *reluctance to report the activity* to persons in positions of authority emerged from a number of different contexts. In one case the recipient described a sense of total disarray at Board level:

Researcher: did you take your concerns to the Chairman?

Oh no. No never anything that raised that issue.

Another part of this was co-workers' reluctance to interfere with the executive:

Yeah, but again I didn't at that time, you know, argue with him, or disagree because what he was doing I didn't interfere with his work.

And as it was pointed out that it was the fraudsters' *choice to defraud*:

there was his choice to go and cash it and all that

The *employment decision* was centred on trust to help make the company grow:

It sort of did come at those very very early stages of me taking over both reins.

Other fraudsters had different job entries, through personal *contacts* for instance:

Oh yeah, interesting. I think somebody knew her and recommended her as a good person, something yeah... I think through contacts somehow...

One respondent was thankful he had no say in the responsibility for hiring:

Yeah, I think a couple of the guys on the Board who were responsible for interviewing that they were just stunned themselves. They had seen nothing like this before come out of the guy's personality. There was nothing to think that there was any issue here.

There was *nothing apparent*. As suggested by the label **Trusted**, many of the data indicate that recipients felt there were no overt clues during the selection process:

But as I say there is nothing apparent, in terms of the ...how he conducted herself that would... [indicate].

Data relevant to trust also contains examples of specific colleagues being perceived as either *sucked in* or *gullible* for accepting the fraudster's actions or stories:

In fact I think, that is exactly why the manager of the local bank here, who ultimately did this transaction for him. Probably got sucked in.

And sadly:

So I am sure he was probably er... gullible thinking "Here he is, coming from a church organisation, talking to me and I understand all about his personality and probably sharing a bit about his faith or whatever." ...He would have had no sense of [him being a fraudster].

One upline manager described the fraudster's use of reason and logic to persuade people to *trust him*:

He could persuade me to trust him. ...he sort of assumed responsibility to do something and I asked a question, "Why should I trust you to do that?" and his answer was something along the lines of "Well if you can't trust me around here, then I may as well not be here" something along those lines. Which at the time, that is true, if you can't trust your accountant. You have to, you can't not, cause if you don't, what's the point? The whole idea of having someone to do your accounts is to allow you to get on with other aspects of managing the business. You've got to sit there and trust your accountant. He's right he shouldn't be there. When that comment was made it always stuck in my mind.

Apparent *similarities* between the fraudster and the recipient also encouraged trust:

*Yes, I viewed him to a degree as a work friend. A colleague. We were both males in our 30s, with young families, building up our businesses... um.
Yeah, I relied on him, I trusted him... a certain amount of here we both are sort of ... building a successful working together...*

There are some poignant remarks about *misplaced trust*, such as the following:

And with the smart cards that we have we are supposed to always to have them on us. When we go off to our... breaks we are supposed to take them from the machine ...but he would never ever growl at us, like there was a couple of times I went out and come back and went Ooh ah! I left my smart card [indistinct]... "Don't worry about it, we all know each other we're not going to do anything." [he'd say] But as soon as I'd walk out the door, ...he'd go straight up to the machine because I hadn't logged out, he would just get on. If I walked in, he'd say 'I just had to do something' and you'd trust him because he's your boss and he's been working a lot longer than you and you sort of don't think anything of it, because you trusted him. He was our friend; our mate. But yeah apparently that's what he was doing while we were off at lunch.

Trusted him was also associated with *lack of supervision* from the Board:

It's changed enormously now, but yeah, it's a bit of problem with lots of [Not For Profit] boards, often they are driven by management. And they just let management go. What the weakness is in my view is that they are not skilled people in the type of operation that they are governing, and they need to be skilled at the same level of management. As they have got to know when management is wrong or whatever. If they just go along and accept that management is always right. Well they have a problem, how will they know when things are not right? That's a real dilemma.

As discussed in reference to the interview data, a *lack of supervision* was also associated with the level of complexity and activity within some organisations:

Each to their own, they all made their own decisions. They were all too busy building stuff to be able to worry about it really and that was the biggest problem, they were too busy.

Arrogance

The third construct to emerge from question data that is relevant to the Arrogant Fraudster theme is **Arrogance**. This is made up of categories that describe particular behaviours as *egotistical*, *grandiose* or *narcissistic*.

Two recipients described *egotistical* behaviour:

Look [the fraudster] was definitely slightly selfish towards other people and that follows with his egotistical view of life, you know.

From another person about a different fraudster:

*Researcher: Did [the fraudster] ever understand his strengths and weaknesses as far as you saw?
No, he thought he was the best at everything. Soccer... with women, yeah.*

Wanting to be the *centre of attention* was another ego boost:

He was a big personality. Wherever he went he was always talking. Always, always the centre of attention.

Grandiose behaviour was also associated with **Arrogance**:

Grandiose, you know, subject to embellishment and you know, things are more important in her mind.

Another facet of *grandiose* was *being aloof*:

Sometimes she maybe a little aloof, and again, you have conjured up the Mrs Bucket, and aloofness, subtle aloofness, more than outright arrogance in that sense. Because she lived in a small community in that sense, and she couldn't afford to be that way. Subtly aloof.

Wanting more pay - more than what he is worth, is an aspect of *grandiose*:

Yes, he didn't think he got paid enough for how great he was. And he would always talk about going in and telling them how it was and wanting more money, definitely.

Being *narcissistic* is the third and final data category relevant to **Arrogance**, with references to *demanding respect*:

He came with that letter asking for respect. "You ladies you know, you have to respect me now.", and all that so... "I'm in charge". He maybe thought Ahh...we don't respect him that much.

For the fraudster who was in an acting position, it appeared to be a nuisance to him to be responsible to others:

Probably when I came in it was probably bit of a nuisance to him to have to suddenly be responsible to somebody.

A part of narcissism is *posing*:

He was still trying to pose as the good guy in the office or with the neighbours here.

The Question Data ends at this point, and the next component is to compare the two sources of data for the theme of The Arrogant Fraudster.

Comparison between the Arrogant Fraudster: Their Stories and the Question Data

The Question Data are closely aligned with the Arrogant Fraudster theme, which emerged from the unstructured interview data that comprises Their Stories. There are some remarkable similarities:

The construct of **Disguise** emerges through both sets of data, Their Stories used the term **Disguised**, and Question Data used the word **Disguising**. **Inconsistencies** in the Question Data and **Inconsistencies** in Their Stories data are very similar. The **Malevolence** category is present in the Question Data, but there is less information and content as compared to **Malevolence** in Their Stories. The construct of **Arrogance** in the Question Data displays strong similarities with **Superiority** in Their Stories. In addition, the **Unsupervised** category in Question Data is very close to the **Unsupervised** as a construct in Their Stories. However, the construct of **Trusted** in the Question data set is more developed as well as the construct of **Inconsistencies** with more content than the Their Stories data.

Interestingly, there is nothing in the Question Data that contradicts the concepts which emerged in the recipient's own words about their impressions of the executive fraudster. In fact the opposite occurred with the Question Data providing general support to categories and constructs, which emerged from Their Stories.

The fraudster executive impression management process

The fraudsters used two types of Executive Impression Management: the Arrogant and the Likeable impression management. The process is potent for recipients of both types, the fraudster is believable and is believed. There is no suspicion of fraud until irrefutable evidence is laid in front of the recipients. All this testifies to the powerful nature of this type of impression management. Each type has its own characteristics, modus operandi and different reactions to the discovery of the fraud. Table 11 below summarises the differences in the fraudster types of impression management.

Table 11. The characteristics of the two executive fraudster types in their impression management.

Characteristics	The Arrogant Fraudster	The Likeable Fraudster
Motivation for fraud	To gain power	To fix a problem
Timing of start of fraud	Weeks, months	Usually years
Demeanour to recipients	Superior, expert	Inferior, appeasement
Deliberately target organisation?	Yes	No
Their impression management to co-workers	Malevolent	Benign
Fraudster's reaction to discovery	Bluster and use trust again	Turn themselves in; suicidal
Remorse	If it suits their purpose	Truly remorseful
Recipients' reactions after discovery	If fraudster is liked, anger to the fraudster with most staff leaving If disliked, surprised but stay.	Fraudster was liked. Displaced anger (diverted from the fraudster); with almost all staff leaving.

At this point each type of impression management is examined using the factors cited above.

The Arrogant Fraudster executive impression management

Motivation: need for power

Their motive seems to be gaining power. Money gives them status in their community, creating respect from others. Most of the Arrogant Fraudsters had ostentatious lifestyles,

living beyond their means with holidays, cars, housing etc. They used all sorts of excuses for their behaviour, succumbing to an apparently overwhelming need. It would seem that this need is a driving internal force, not socially induced by, for instance a deprived background or impoverishment.

Many fraud studies denote greed as the spur to fraudulent activity (Association of Certified Fraud Examiners 2010; KPMG Forensic 2009), but in this small sample the question was directly asked of recipients if they thought the executive was greedy, and all the answers were negative. It could be expected that if a person is greedy in one area that they could be greedy in another, but this tends not to be the case with the Arrogant Fraudsters. Another explanation could be a need for power, rather than greed. As one recipient described this:

He was the lord and master of his work domain.

The need for respect and power over people is a credible motivator of the set of Arrogant Fraudsters found in the study.

Having the intention to commit fraud, and implementing it, is a non-socially accepted way of achieving power. This means ordinary boundaries to behaviour are missing for that individual. They override social conditions of trust for their own advantage. This is coupled with no remorse shown for their actions unless it suited them in an effort to reduce penalties. Psychopathy was seen as a possible explanation as this type of executive impression management appears to exhibit psychopathic characteristics. However, recipients did not pick up on clues that the Arrogant fraudsters showed these tendencies.

There is a possibility that there may be an explanation in attachment theory (Bowlby 1979). This theory postulates that early maternal bonding for a child, which is disrupted or distorted, causes life long anti-social behaviour patterns. The Dismissive attachment disorder is noted for its desire and use of power over others and the ignoring of social rules and norms through an infant bonding process that is distorted so much that the child grows up with no boundaries. The fact that boundaries give children security also lends itself to the possibility that deep down the Dismissive types are actually very insecure, hence the fear and anxiety when they are exposed at their 'fateful moment'. Reid Meloy (2003) speculates that the Dismissive type can lend itself to criminal activity, but there are no definitive studies in this area at present. For now the cause of the fraudsters' behaviour remains unresolved. However, this study has shed some light on the Arrogant Fraudster type, and to support this, themes from the recipients' reminiscences are presented.

Quickly start to defraud

The Arrogant Fraudster types commence work and start their fraudulent behaviour relatively quickly - usually after only a matter of weeks once they have learnt the system and eradicated possible threats from other personnel, by firing or relocating them. One fraudster was reported as starting within a few weeks, whereas another took several months. It is assumed here that the motivation to defraud was present with all the fraudsters, although one fraudster was reported to have started after a family crisis. However, there is reason to believe that fraudulent activity preceded the family crisis in that particular case. In terms of this sample, it can be said that in comparison to the other type of fraudster the Likeable Fraudster, the Arrogant Fraudster types started defrauding relatively quickly.

Demeanour to recipients

Generally these fraudsters' impression management is to assert that they are superior to the recipients. The recipients found this very irritating, as reported:

Yes, a bit arrogant maybe I would say, kind of that proud personality... /.../ But then when he was in the position, he was more like "I'm the boss now". /.../ A couple of people in [in the town] who I had spoken to, had all said "Ah yeah, she's pretty you know, very official, and ...she may have pumped a bit of the airs and graces into it, you know with all her dealings with others she was a bit grandiose.

One of the interesting things is that they based their superiority on the expertise that they apparently brought to the organisation, mostly in financial management, despite the fact that some were actually not good at their work, but others were efficient and caused no criticism.

Target vulnerable organisations

Arrogant fraudsters appear to deliberately seek and find vulnerable organisations. Vulnerability within an organisation is displayed in the sense of a management whose attention is diverted elsewhere for a variety of reasons. The distraction could be by managing the main branch, being off sick or an influx of new clients. There were acknowledged weaknesses in their lack of understanding accountancy or bookkeeping principles, or having the time to learn. The incoming executives knew that they would be mostly unsupervised. The fraudsters inveigled themselves into organisations through a variety of behaviours including recommending themselves and presenting themselves as a cheap option for their work (e.g., graduates, lower than market rates, no need to supervise closely as highly experienced). The offer is generally quickly taken up by the organisations, which believed the story, particularly if there was a bargain offer. The entry into the organisation is often not

through a normal job hire process. It may be informal and casual, sometimes even without a resume or real interview. However, one hiring employer remarked that she did a due diligence check and there was nothing untoward.

In the question component of the interview the recipients were asked if they felt that they had high or low self-esteem at the time of the fraudulent activity taking place. It was found that the hirers of the fraudsters had lower self-esteem than the non-fraudster recipients at the time of hiring. This would imply some vulnerability on the hirer's part in making rational decisions. Research shows that low self-esteem is generally associated with increased susceptibility to influence from others (Silvera, Lavack, and Kropp 2008). This certainly was the case with hirer's taking others' recommendations to hire the fraudster, rather than submitting to a full rational choice decision of advertising, selecting candidates for interview and the final selection. It would also seem from the information given that the need for a role to be filled quickly was an additional pressure. In one case a Director of the company was about to retire:

It was one of the last decisions that the [previous director] left as he departed: This company needs an accountant and once you've got one you'll be right.

The other aspect that the fraudsters used to their advantage, was appearing desirable by being perceived as similar – like seeks like. Interestingly, a recent meta-analysis of the reported literature on 'the law of attraction' has shown that *perception* of similarity is more important than actual similarity (Montoya, Horton, and Kirchner 2008). Appearing successful was also a ruse to appear similar to the owner-managers who were Respectful Executives. It was only later that inconsistencies became apparent and their underlying malevolence was noted. These factors when combined, the increasingly urgent need for the role to be fulfilled; getting themselves to be recommended; their attraction as being similar (as in like seeks like); the low self esteem; lack of accountancy knowledge on behalf of the hirers; as well as the fraudsters' claim to competence and the added bonus of a bargain offer, made a lethal cocktail for the employment decision. It is hard to imagine that the business owners could have made a different choice in the light of these compelling conditions for fraudulent achievement.

Theme 2: The Likeable Fraudster - Question Data

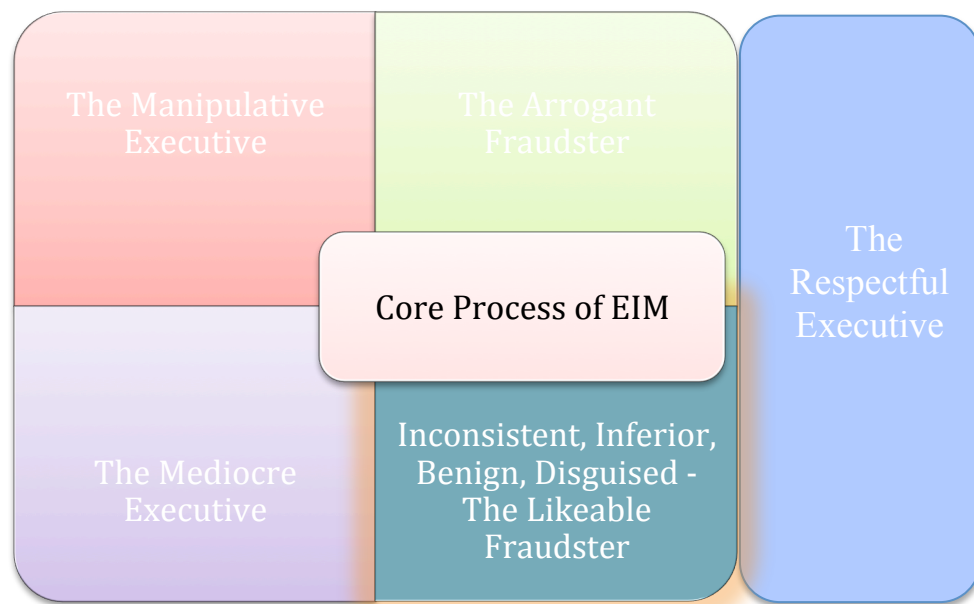


Figure 8. The Likeable Fraudster Executive Impression Management

The Likeable Fraudster theme emerged solely from the Question Data. This theme is separate from the Arrogant Fraudster (which was developed out of Their Stories and reinforced with the Question Data). The emergence was a result of the constant comparison process and although the categories may seem similar to the Arrogant Fraudster, the categories of support data reflect an entirely different type that was not arrogant in any attribute. This development of a separate type was unexpected to the researcher and was later triangulated with other data from a convicted executive fraudster, which gave it further support.

The inferior type is based on a lack of arrogance in fact shyness and lacking confidence are prominent, with a different relationship to recipients than the Arrogant type. There was no sense of manipulation, the only 'dark side' features were related to what proved to be the covering up of the fraudulent activity. This separate type represents a real sense of inferiority (as seen by through the lens of the recipient) that developed from the Question Data. The quantity of data is less than the Arrogant Fraudster type, which could be due to the over-representation of the Superior type in the purposeful sample or that for some reason the Questions made recipients feel more comfortable, or they felt that their fraudster executive was not like the type of executive that the questions were suggesting (a possible feature in the later concepts which are presented below). Nevertheless the quantity was significant in

the reporting. Ultimately, in the researcher's view, to have bundled this together with the Superior would have been an injustice to the separateness of the type and the quantity as well as quality of the data.

There are four constructs relevant to the overarching theme of The Likeable Fraudster (See Figure 9). There is an **Inferiority** construct, together with **Inconsistencies**. In addition a construct emerged labelled **Put on a front** (which would have been comparable to **disguise**) and **Benign characteristics**.

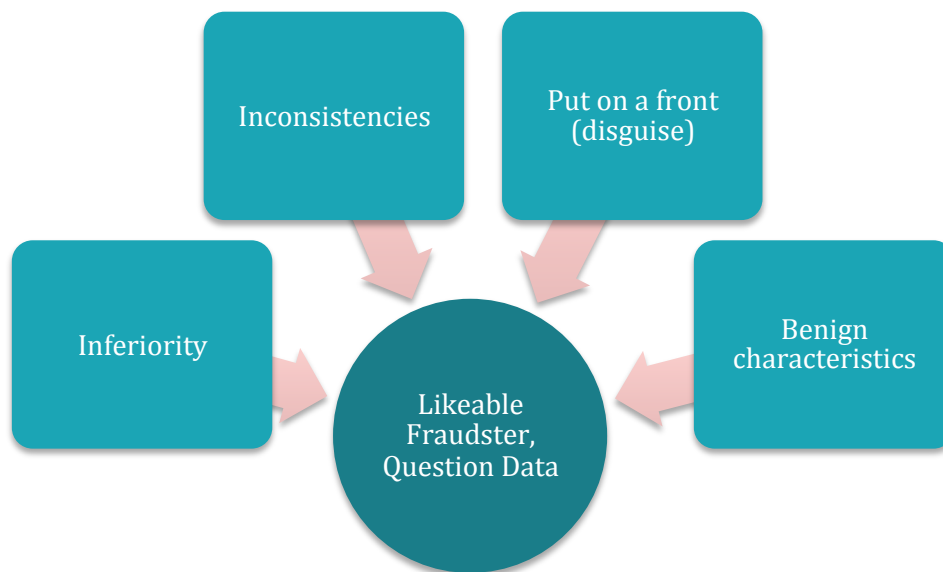


Figure 9. The Likeable Fraudster, Question Data

Inferiority

The central construct to the Likeable Fraudster is Inferiority. This is based on how the recipients saw the executive fraudster in relation to themselves. If the executives put themselves higher, the executives are classified as Superior, if they classified themselves as lower then they would fall into the Inferior type. Superior has been explained at some length in the Arrogant Fraudster theme. Inferiority emerged from three data categories, with the executive fraudster being *humble*, showing a *lack of confidence* and acting different to expectations in *not like a boss*. The lower positioning of the executive fraudster can be seen through this type of impression management.

Being *humble* is seen when a recipient was asked the question if he thought the executive fraudster was arrogant:

No, no I don't think so. He was reasonably humble, I would have thought.

Lack of confidence was cited as a reason for this positioning:

I don't think he was very confident. He came across as being like he lacked a bit of confidence in some areas but in other areas yeah he was quite confident.

Lack of confidence was also associated with shyness by recipients: In being *shy* one recipient mentioned that:

I got that feeling that's because he was so shy and it took me a while to get to know him because he was so withdrawn it was hard to get to know him at first.

And:

She was very shy but she never used to say a lot about her personal life, she was very sort of drawn back and stays out of the conversation but if he was asked something she would reply but with a straight answer. Don't give anything a way, so she was very hard to have a conversation with. It would be like a one word answer.

Never *looking in my eye* was also noticed by one recipient:

He'd always have his head down in the paper and have the conversation. He was never looking in my eye.

And finally being *very withdrawn*:

No. He was very withdrawn and he'd only look you in the eye for a second, he was looking down.

Other data revealed that recipients felt that the fraudster executive they were discussing did not really feel or *act like a boss*. This was discussed in terms of both a lack of authority and relatively relaxed work habits:

He never ever made me feel, that he's the boss and I've got to do it. He'd always asked: "You don't have to do it, but if you want to do it..." He wasn't like he was the boss at all. You don't have to do it but it would be good if you could. It wasn't: "You're doing this. This is what you get paid to do."

Being *humble* is opposite to what the Superior types felt who never showed a lack of confidence in their impression management. Furthermore, the Likeable Fraudster executive's authority was not used, whereas the Superior type of impression management always had an implicit authority base.

Inconsistencies

This construct is an important part of the Likeable Fraudster theme. The inconsistencies however are quite different from the Superior Type in that the executives in this type do not live up to the role expectations according to the recipients. This construct is made up of *unmanagerial behaviour, unhappiness, different when wife present and behaviour changed as pressure built up*.

Unmanagerial behaviour is seen in many areas. Being a gambler is one, and doing it in work time is another. *Having a bet* every now and then was reported:

I said to him: "You like to have a bit of a gamble do you?" And he'd say: "Oh yeah, yeah I have a bit of a gamble. And I asked him do you win often. "Oh yeah every now and then", It didn't... he was very good at hiding it. Not once did I think that he had such a gambling problem like that, not once. And he'd say: "Yeah, I just like to have a bit of a flutter now and then."

Betting online was also noticed and warned about:

But I do remember him talking about how he does bet on line but I didn't think it was a... or he would like joke that he was a VIP for the betting agency on line. I remember I walked past him and saw him on the ads bet and I saw that and I said: "Oh, can you bet on line? I didn't realise you could do that. That's a bit dangerous isn't it?" He'd say: "Yeah it is."

And finally *making wins*:

Researcher: [Referring to case notes] One of the people in the betting agency remarked, "We've got a real mug here.", because he backed losers all the time. But to you he was saying he was successful? Yeah and that's obviously why he has a bit of a flutter you know, all the time. But I remember him winning, I think it was at the Melbourne Cup.

There was a degree of intolerance exhibited which was surprising as this executive appeared to get along with everyone so well, and worked with many women in the office:

Researcher: Did he ever show any signs of chauvinism towards women or anything? Yes. I don't know, I think it's just like a macho. But then my husband's the same. He has that macho "Oh a wife should be in the kitchen" and laugh about it afterwards and we'd say: "You shouldn't say that when you work with a bunch of women. So I'd shut up if I was you!" and he'd just have a bit of a laugh, you know a giggle because he was stirring us but I think that's just a macho thing.

And towards certain people *racial prejudice* was demonstrated to a recipient:

Yeah. He did. With the indigenous [people], he used to... little remarks, "Oh he's black you know".

Further *unmanagerial behaviour* was cited:

Well I would expect him to have his own office with a computer in it you know, but always doing paper work, being a manager. We always had so much to do. But no he never come across to me as being busy.

One fraudster executive didn't stay for long in the office and was cited as *popping out of the office*:

Now I come to think of it he used to leave the branch a fair as well bit during the day. He'd pop out for five or ten minutes. Oh I'm just going over to the shops, the newsagents or... Cause you know, he wouldn't have had the car, his wife always had the car, so he would always walk but everything was in walking distance so was the TAB. Now I think of the times that he used to leave, there was times when I needed him to sign something and it's like where is he, "Oh he's just popped out he'll be back soon" and then he'd come back in with the paper.

Unmanagerial behaviour was also cited in being a *rebel*, not what would be expected of an executive position.

Yes, he was a bit of a rebel I think. Yes, that's what he was definitely.

Being a rebel went even further, there were references about a fraudster giving advice that it *wasn't worth bothering about a career*:

[Recipient asked fraudster boss] "How can I further my career?" He said: "You don't want to be a bank manager. You get paid crap for a crap job." So he sort of made out to me don't go further in the banking sector because you'll get nowhere.

There was a collection of references to *unhappiness* in the **Inconsistencies** construct:

But it got worse like towards the end and he didn't look happy in his job. I just thought maybe things were getting to him. I had no idea what actually was wrong with him.

In the reference below the real cause of the weekly cycle mood swings was due to the heavy betting he made on Thursday and Friday nights for weekend races with little or no return on Monday.

Researcher: Did you ever notice this pattern during the week on a weekly basis? Yes, that's why I thought it was marriage problems. At first I thought "Oh it's Mondays." I was the same on Mondays.

A recipient expressed that their manager was a bit *mopey* at times:

Researcher: Did he ever take it out on anyone? No, not at all. He was always pleasant, never angry or grumpy, nothing like, he was really a lovely person, a lovely man. So he wasn't grumpy he was just... withdrawn. Some days he'd be a bit mopey but not grumpy, but you know, its hard to explain, just sad I guess. I just presumed he was having problems at home, I suppose everyone does when someone is sad.

Interestingly, there was a perceived *difference in behaviour when wife was present*:

Researcher: So there really was a marked difference between his behaviour around her and his behaviour around [the staff]? Oh definitely. He was much more relaxed around us. Unless he wasn't allowed to have a drink with us.

Further into this category is how one executive didn't want wife to socialise:

So he said that's "Ok that's it. It's my last drink and then we'll lock up." I don't think he wanted her to socialise with us whereas she was quite happy just to have a drink with us, but he didn't want her to. He said: "No, no this is our last drink we're going to go home." But we'd planned to have a couple, you know.

Behaviour changed as pressure built up is a category that shows a consistent build up over several months.

One executive had a difficult time dealing with the building up of *stress*:

Researcher: Did you see a difference in that last six months? Oh definitely. Yeah. Researcher: And he got more stressed? Yeah, yeah. He was a lot quiet than normal and didn't really want to socialise all too much. A bit withdrawn.

Part of the stress appeared to be based on whom the fraudster could trust. In *sussing me out* a recipient describes the process:

And he sort of held me back at arms length too until he got to know me and realised that I'm an easy-going person as well, like him. I think he was sussing me out to see whether I was trustworthy or... I don't know.

To summarise, these categories provide a picture of a type of executive impression management that had inconsistencies. Being laid back, not being busy and showing unhappiness would not be expected from an individual in a high status executive role.

Put on a front (disguise)

The familiar construct to the Fraudster impression management is how the mask was maintained, however, it is done somewhat differently in the Inferior type of impression management. This construct emerged from four categories: *hiding it well*, *to lying*, *trying to pretend to feel normal* and *trophy wife*.

The data in these categories refer to experiences and feelings after the fraud was uncovered and were not known at the time. *Hiding it well* explains this:

Researcher: Did you ever feel as though: I should've picked it up I should have realised?

No.

Researcher: Why was that?

Because he hid it very well you just wouldn't have known. it would have been impossible to pick up unless someone was close to him. I mean maybe [the office manager] feels like that because he was very close and maybe he did pick it up. But no, I wasn't that close to him to be able to pick it up. So I didn't feel that I should have. We were work mates, not best mates after work.

While some fraudsters were perceived to be adept at hiding their actions, it appears that there were cases where true feelings were perhaps disclosed to a trusted few, (this was not the case with the Superior type):

Researcher: Did he ever speak about his true feelings at all to people?

I think he did with [another] manager, I think he did because they were quite good friends. He'd go into her office a fair bit, so I don't know whether she knew what was happening or not. I don't know but I suppose he'd go in there and have chats with her, whether it was business or personal I don't know.

... but they'd never close the door, he'd just go in there and have a chat with her and we'd never think anything of it.

Lying is a construct that emerged from data that was related to strategies about hiding the fraud itself and not a general part of the impression management. This tended to be leading others to believe certain stories that might rationalise particular actions or relatively straightforward lying about fraudulent activity:

Researcher: Did others in the workplace say something similar to you?

Yeah. Yeah. We all thought he had problems in his marriage and that's what I think he led us to believe as well.

But I think he actually was.

In the case of one fraudster who gave himself up, the recipient recalled a lie about a sudden holiday:

Well he was going on holidays, but he told us he was going on holidays, and it was all of a sudden holidays, it wasn't like he'd been planning it. It was all of a sudden, I think it was a couple of days before he said: "I'm going away, I'm going on holidays." I didn't think anything of it, "Oh you're going on a holiday? You didn't tell us that" and he sort of just shrugged it off and yeah so we sort of said, "Have a drink, have a good holiday!" and we still didn't know anything different.

Another data category within this construct comprised recipients' perceptions that the fraudster was *pretending to feel normal*:

He had an addiction. It would have been awful for him it would have been horrible for him to sit there and have to just feel normal business.

Finally, within the **Put on a front** construct there is a category that contains data relevant to perceptions that the fraudster had a *trophy wife* and that this was a part of the front that was put on:

Oh yeah, she had the best of everything. She didn't work but she'd go out and about and she'd have nice beautiful jewellery you know like, designer label perfume...

One recipient linked this with perceived *marital difficulties*:

You could just see that he loved her and he was trying keep her but you know... You could tell the change in him as soon as she walked in he just turned into a bit grumpy I guess, not relaxed, a bit stressed.

To summarise, **Putting on a front** was associated with hiding the fraudulent activities but might also extend to a high profile social role with a demanding spouse. The use of lying, again is extended, this time for 'benign' purposes of protecting the executive's staff when about to turn himself in.

Benign manager characteristics

Another construct within the Likeable Fraudster theme that contrasts with the Arrogant Fraudster is that of **Benign manager characteristics**. This construct refers to particular fraudster executive behaviours described by recipients that were relatively benign in their effects and emerged from data in the following three categories: of having a *good relationship* with staff, *kept his eye on everything* and some material about the *nice side to a fraudster*.

Recipients spoke of their *good relationship* with the fraudster executive and there were a variety of ways in which recipients referred to this. *Good relationships* was associated with activities from *after work drinks* to generally being *sociable*:

Researcher: What was it like to work with him?

Fantastic, he was like our friend. It was just like a mate. I mean, he was just so laid back and like as soon as 4 o'clock the door would close and he'd go and get us all drinks. So we'd be counting out all this money and we'd be having a bourbon or a beer.

... it was really a fun place to work, we'd turn the music up, every day we'd do that, not just on a Friday but every single day. Which is, if the big bosses in the Bank found out he probably would have got in trouble but you know that's just his way of... That's why it was such a good atmosphere and good team cause we all enjoyed working there, hanging out till four o'clock and soon as that four o'clock hit, he'd be upstairs grabbing our drinks.

Another characteristic would be in supervising, and one person remarked that the manager *kept his eye on everything*:

No. I just remember him sitting behind his desk, he'd look up a bit above his glasses, yeah that's about it.

*Researcher: When he did that, what was the sense that you had?
That he was just keeping an eye on everything.*

There appeared to be a distinctive, *nice side to the fraudsters* referred to in these categories. Laughing at mistakes that an executive made, is one of them:

Yeah he did. But he would laugh it off, "Sorry about that!"

When quizzed a bit further, the recipient replied that the fraudster executive was *loved by staff*:

Researcher: Did any of the other staff take it to heart, the joking?

No, everybody loved him. He was really loved. Everyone just thought he was great.

Not only loved by their staff, apparently they also loved their families which is demonstrated in this reference:

*Researcher: He would have been a devoted father?
Absolutely.*

It is noteworthy in the *good relationship* category that there was a reference to how one of these managers was trusting as well as trustworthy- a giver and receiver of trust. This is seen in the reference of how the fraudster was *trusting*:

He was just very trusting, trustworthy.

Summary

This concludes the reporting of the data for the Likeable Fraudster theme. The key analytical insights for this concept are that the impression management 'feel' is very different from the Superior executive impression management. This comes through the data in the benign (rather than malevolent) characteristics that are shown. For instance, none of the recipients have said about their executive fraudsters that the Superiors were loved by their staff, in fact their reports are quite different and they were not liked at all. Also the front or disguising aspects of the Inferior are restricted to covering the fraud and protecting the staff, there were

no ‘needless’ lies referred to in the data, whereas the Superiors seem to lie wholeheartedly and about anything that the recipient wants to hear. The inferiors share with the Superiors inconsistent executive impression management, yet in the Likeable Fraudster type, they appear to be relatively benign in their application, mostly referring to not measuring up to role expectations. However, there was noted a change of behaviour over time that appeared to be stress related. Showing unhappiness was not a quality that was mentioned about the Arrogant fraudsters, yet it is found within this Inferior type. Apart from a mention of a trophy wife, there is no mention of the impression management aimed at trying to appear successful. Finally there is a complete absence of arrogance or display of superiority to the recipients of the Likeable Fraudster impression management.

This completes the section on fraudster executive impression management, with the development of the Superior- Malevolent and the Inferior-Benign concepts. The three types of executive impression management discovered in the interviews of non-fraudster executive recipients in the investigation will be outlined in the next section. However, first there will be some points made about the data emergence so far.

The Likeable Fraudster executive impression management

The Likeable Fraudster shared similar characteristics with the Superior type in disguising and showing inconsistencies. However, the Likeable Fraudster wears a benign aspect that is not present with the Arrogant version.

Motivation and timing of the fraud

The Likeable type appears to operate quite differently from Arrogant Fraudsters. They usually have an unblemished record (according to the fraud investigators’ evidence, which was used for triangulation purposes), which can be in place for years. They fall under Cressey’s fraud triangle (1973) with an unshareable problem. They stalwartly maintain the fantasy that all is (or will be) well once they have solved this particular problem. In one instance there was a wife who needed expensive clothes and jewellery. The only way to solve the problem was to gamble to make money. They are nice people, liked and even loved by their staff, but they manipulate, hide and disguise their real selves. They feel and act inferior, using appeasement behaviours and developing or more cynically, grooming favourites who they can ‘trust’.

Demeanour to recipients

They appear to their staff as liking them and they look after them well. There is no appearance of malevolence or superiority to staff or upline management. The disguise works extremely well in that no one knows of the fraud, and when it comes out they are deeply shocked, as much as the Arrogant Fraudster victims. People detect their ‘giving off’ of negativity but do not guess that it could be fraud, as the bonding and relationship trust is so high. Upon discovery, the Likeable Fraudsters want to kill themselves or exile themselves from all their loved ones by running away, but not with the organisation’s money which is frequently reported as lost to gambling. This group is the most likely to confess and turn themselves in, even before they are found out. They are also considered very unlikely to re-offend.

Remorse and failure

The Likeable Fraudster shows genuine remorse unlike the Superiors who use remorse to reduce their sentences. Judges at the time of sentencing often remark upon the show of genuine remorse and the fact that they gave themselves up. Similarly, according to an interview with a convicted fraudster used as triangulation to the Likeable Fraudster theme, they feel utter failure in being exposed for who they really are a total fraud in life and in character. It was reported that after discovery there was a feeling of despair about his or her inability to be loved by anyone. The evidence offered by the convicted fraudster helps to illuminate what goes on inside a Likeable Fraudster. The reason for his crime originated in a very unhappy childhood, having severe difficulties with his father. All the boys in that family have since exhibited severe mental trauma, however, he was the only one that went on to defraud. He showed considerable remorse – through a serious suicide attempt and all the way through the trial and during prison. He has since repaid the amount he stole through selling his house. He only blames himself, has since had psychotherapy to deal with his problems, is now an active and highly respected member of the community and completely open about his offending.

Overall, this fraudster conformed to Cressey’s Fraud Triangle theory (1973) with an ‘unshareable problem’ needing to hold his family together and his only perceived solution was to commit fraud. The recipients did not know much background information about their

executive but it is clear that an unusual amount of sympathy was extended to this type of fraudster, whereas the Arrogant Fraudsters did not receive any at all.

Non-Fraudster executive impression management themes

Theme 3: The Respectful Executive. Consistent, Benign, Their Stories

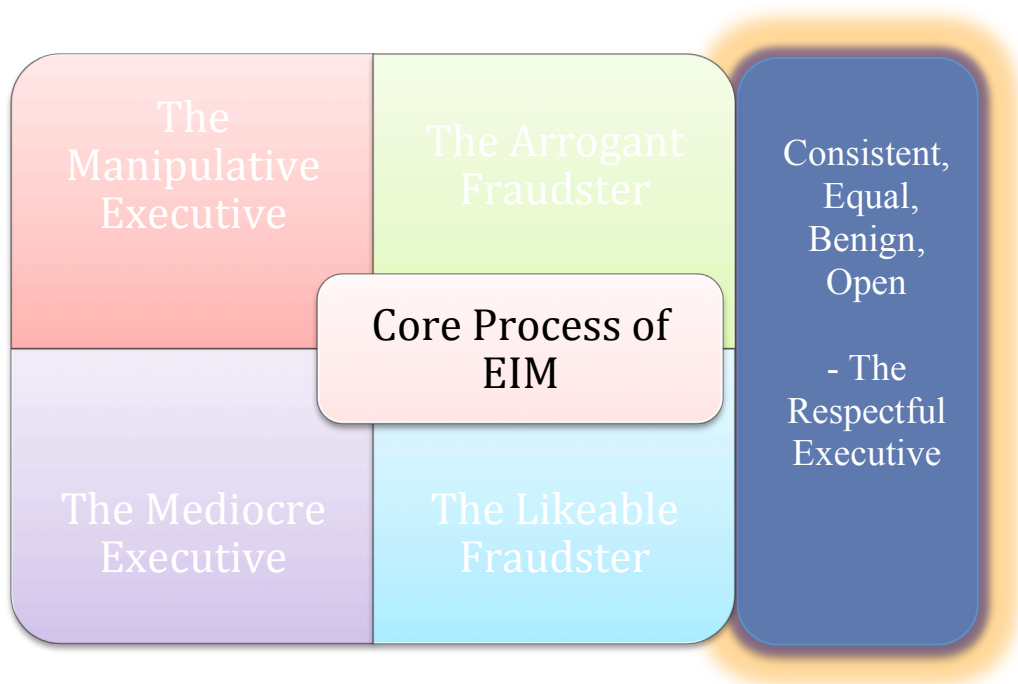


Figure 10. The Respectful Executive Impression Management

There are three main areas that emerged from Their Stories data of the non-fraudster executive recipients that are within the Respectful Executive constructs: **Good management practice, Good manager** and **Good to work with** (see Figure 11).



Figure 11. The Respectful Executive, Their Stories

Good manager

Being a **Good manager** emerged as a construct of the Consistent Benign executive impression management. The construct developed from data in the following six categories: *grown into executive role, high dependency on the executive, high work ethic, slowly tidied and cleaned it up, covers the Board with their requests and very smart.*

Growing into the executive role is an important executive practice as it shows that the organisation cares about developing its people:

*Researcher: And what's happened here, you've had the classic case of the CFO role being taken up by someone who's been developed for that role.
 Yep, the person who was there is still within the division, so haven't left, just moved to a bigger role.*

Another comment demonstrated how one recipient was *mentored* by her boss who facilitated her development into the present role:

*Researcher: You developed a lot under him?
 I started off as receptionist.
 Researcher: Did you? [astonished]
 Yes, and then I moved off to basic tax returns and now I'm... sort of a junior accountant and I help the other accountants out...with work with other accountants, and also I have my own clients who I do bookkeeping for as well.*

Another comment is from an upline manager describing his *high dependency on the executive*, which was extremely important considering the demands of his CEO role and that the executive was able to respond well:

Researcher: And you'd have quite a high dependency on the work that's produced?

Yeah, for advice and for information for accuracy level, for reporting and statutory reporting as well.

A *high work ethic* was viewed as important by one recipient:

This person's very high work ethic, puts a lot of hours in,

And in the *slowly tidied and cleaned it up* category there is a demonstration of accomplishment:

So [the executive] took over a very poorly administered company and slowly... slowly sort of tidied it up and cleaned it up and got us on track. And I'd say we're are pretty well administered now.

Covering the Board with their requests is one area that was appreciated:

So she's very good with the Board in terms of her covering off [requests] stuff, so she's great.

And it was noted that one executive was *very smart*:

...was very smart...

Good to work with

Being **Good to work with** is a construct developed from relatively few data comprised of short statements offered: *very good*, *great* and *lot of trust*. Despite some prompting during the interview process, recipients did not discuss this issue at length.

In *very good* it is summed up as:

Researcher: what its like to work with this person?
Very good, yeah , very good

Great is similarly short:

Researcher: Generally how has it been like with [the executive] on board, how's it like to work with her?
Great

And *lot of trust* gave a tiny bit more information:

He lets me just get on with what I have to do. Yes, I think there's a lot of trust there

Good management practice

The construct of **good management practice** was developed from four categories of data that were linked by the executive's organisation showing good management practices through: *good intake*, *employment procedures*, *manager queried resignation*, and *checks and balances were in place*.

Good intake/employment procedures, in contrast with the employment practices noted by fraudster executive recipients, the non-fraudster recipients discussed well-known and standardised intake or employment procedures, which included a process of advertising for candidates:

I advertised on I think it was the Seek job website and [the executive] was one of the applicants from Seek.

Recipient: Did you have a lot of applicants at the time?

No. Not that much I guess it was around that time when people were advertising jobs and getting no responses. I heard it was at that time when things were absolutely crazy and it was impossible to get anybody to do anything. So I think we only had three or four applicants all of whom I interviewed and I probably only gave serious consideration to two of them: [the executive] and one other.

In contrast with the Fraudster executive recipients, these comments described an acknowledgment that insufficient attention to ‘proper’ administrative processes could pose a risk for the organisation:

I think that we had historically not paid enough attention to the admin side of the business, we'd been always very customer focused which is why the business grew because we... because admin came later to keep the customers happy. But ultimately we got to a scale where we were putting the business at risk by not administering it properly.

Good management practices were also described with reference to *resignation processes*:

Anyway in the afternoon I was called into the manager's office and the assistant manager was there as well and he said: "Sit down please." and I said: "Thank you." and he said: "I've just been given your resignation." and I said: "Yes." He said: 'Are you sure about this?' and I said: "Yes", and he said: "Do you have another job to go to?" and I said no, he said: "And you get mortgage subsidy?" and I said yes and he said: "Well haven't you thought about that? Don't you feel this is a rash decision to make?"

The resigning employee being questioned had a long period of exemplary service to the financial institution and the manager clearly did not want to let a good employee go:

...he said "Well I don't want to accept your resignation but if you insist there's nothing I can do." and I said no and I want to go and he said okay

Good management practice were also described by reference to the *checks and balances* that were in place:

Researcher: And what sort of budget would he have had in control of, when he was acting CEO?

...it would be maybe \$25M.

Researcher: And if he was of a fraudulent bent he could've had access to be able to milk some of that off for himself in that position?

In that case I think you would have to be awfully clever because the checks and balances are almost exhausting, even for the smallest account that one does, the checks and balances are there. So any significant amount would be very difficult to cover.

Finally, in some organisations, *benefits were accessible legitimately*, and this was perceived as reducing the ‘need’ for fraudulent activity:

I'm sure that's correct there'd be no need because the benefits were accessible through appropriate and legitimate channels. Absolutely no need for anything fraudulent.

This completes the description of the Consistent Benign concept from Their Stories data. The next step is to review the same construct, which developed from the Question Data.

Question Data

The Question Data from the non-fraudster executive recipients brought forth many more references to the Likeable Fraudster theme. It is made up from five constructs: of being **Consistent**, **Confident**, **Hard working**, having a **Moral character** and being **Respectful** (as seen in Figure 12).

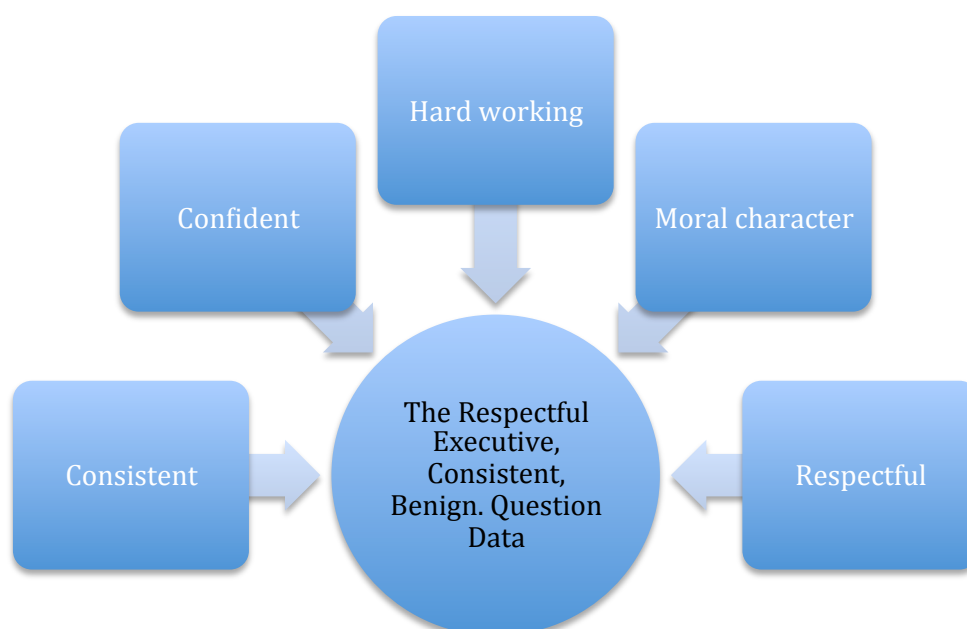


Figure 12. The Respectful Executive, Question Data

Consistent

Being **Consistent** is a keystone construct of the Respectful executive. As one recipient remarked:

Yeah in times of stress you can tell, but he's never angry or... I remember I said to him once, I know why I like working with you is because when I walk in that door I don't have to worry about what sort of mood you in. Because you know some people you work with you wonder if they're in a good mood or a bad mood, he's very consistent.

Consistency was viewed favourably and was relevant to a range of data categories, including: *didn't change a lot, good balance about things, open, treats everyone equally and what you see is what you get*. The data represented a combination of perceptions about the

non-fraudster executives' behaviours and characteristics in addition to the recipients' views about the advantages of working in a relatively stable emotional context.

Consistency did not necessarily mean that circumstances didn't change but rather that the non-fraudster was relatively predictable in his/her behaviours:

Researcher: Having seen him so long in this work situation [over 14 years]. Has it varied over time? You would have noticed some changes?

Yeah, there have been a few changes obviously with his marriage breakup and he got remarried there was a period of time yeah, there was... He didn't change a lot, he never brought personal things into the business.

Some recipients also associated *balance* with a **consistent** management style:

Not that I know of. She's not the person to carry that, if she had some instance she would move on. She's got a good balance about things, I would say.

Being *open* is an important category of **consistent**, and was discussed by recipients through a number of specific examples, such as moving on from mistakes to office access:

... I think he's good at putting things in perspective in that if a mistake has been made, you can't undo it as in you can't make it unhappen. You can only go forward and make it right if you can or something like that. I think he likes to find out why something happened so it doesn't happen again, but he wouldn't forever hold it against you because you've made a mistake. I feel very comfortable going to him and saying I've stuffed up here and I've done that a couple of times and he's fine. He's very approachable.

And an *open door* policy meant to one recipient:

I don't think a day goes by without us having to search his office for something. If you can't find something - it's in his office!

So being *open* occurs in many ways for the executive.

A behaviour associated with openness is *treating everyone equally*:

No, look he bases them on their own merits and treats everyone equally.

And:

Especially in work like this you wouldn't know that he was the boss. He treats the receptionist the same way he treats his [business] partner. So everyone is easy. Which is nice.

A highly descriptive category within the construct of **Consistent** is *what you see is what you get*. Four respondents used the phrase without any prompting. It became almost the catchphrase to describe this executive impression management type as it describes perfectly the consistency in the impression management.

No, no. What you see is what you get, basically.

Researcher: So it doesn't change?

No, no I think he's just him.

He doesn't act any differently. Sometimes he might promise a bit too much. Like he might promise to have things done by next week...but everyone does that.

But it's pretty well what you see is what you get.

In a similar vein, recipients felt that their non-fraudster executives would have *trouble with acting falsely*:

I just can't imagine him doing it and so therefore if he tried I just don't think he'd pull it off.

One recipient distinguished between her executive presenting his best side from still being genuine, a fairly important distinction in this impression management type.

I don't think he'd need to be in that I think he's very,... he strikes me as a fairly genuine person. But then, if you met somebody who... if you're going to meet someone who perhaps you want to get their business, obviously you put on a certain act, you present your best side.

Confident

Having confidence may be the source of the consistent impression management and is illuminating to read. The construct of **Confident** is made up from the five categories of *calm*, *confident not arrogant*, *receptive to change* and *self knowledge*. The data categories that comprise this construct are well characterised by the following description of a non-fraudster executive:

I guess what I was reflecting on, that she has a lot of confidence in herself and her abilities and her knowledge so that if one does ever question them, you have to be very forceful and keep on at it.

Some recipients associated confidence with the executive's *calm disposition*. In one instance this attribute emerged and was explored further:

Researcher: In fact the one word that comes to my mind about him is that he's calm. Yes, yes, he's probably one of the most calmest people I know. He doesn't seem to let things get on top of him.

*Researcher: Yes, and yet he's got a big workload [as mentioned earlier]
Yeah, yeah. But he takes it all in his stride and just gets on with it.*

Calmness did not imply passivity; one recipient described a combination of *calmness and assertiveness*:

I've never heard him rant and rave, although he can be quite assertive if he needs to be, he'll stand up for what he believes in, and I know that particularly when it comes to his staff he'll support them 100%.

Recipients distinguished between *confidence* and *arrogance*:

No, I wouldn't say arrogant, he is confident of her expertise and knowledge but there's a difference between that and arrogance.../I think it may appear, as I said I think she can appear to people who don't know her as very confident or over confident, but I don't think she is.

Confidence was also associated with debating issues in the workplace and discussion about potential mistakes:

He's happy to have a debate and his points but again we would talk about when we're developing him that he should have a point of view but be happy to debate it

based on his knowledge but if a decision was made he's got to live with that too, so his input into lots of things is welcome and promoted to do that, because of his knowledge- whether it's his job knowledge or just his knowledge but so if we're talking about stuff he's welcome to put input in.

Being *receptive to change* is a category that was comprised of a variety of data. In general terms they reflected management behaviours that were flexible in response to different situations or contexts and adaptability or acceptance to new information or views. is composed of the following themes of being able to change behaviour, being flexible and in one financial institution not being a traditional accountant.

The first strand is *to be able to change behaviour* was an important point for many of the recipients with the Respectful executive impression management. It encompasses acknowledging inappropriate behaviour and being able to bring the executive's stress to his or her attention. Also the executives were able to change behaviour when asked. Another quality that was mentioned is the ability to *compose a consensus* and not use aggressive persuasion. Being able to *come round to point of view* was also admired despite at times that the executive may need to take a bit of convincing. As one recipient put it:

He'd actually learnt something because the behaviour that I had highlighted didn't continue ... with me that is. That's not to say that that behaviour didn't continue with others but with that behaviour didn't continue while I was present. He modified his behaviour while I was present to the condition that I asked, to the standard that I had requested.

Being *flexible* is also part of *receptive to change*:

...Yeah, very flexible, which is really good.

And one boss observed that the executive was *not a traditional accountant*:

No we can give her some jokes like that and she will laugh them off too. So she's good... But no.... she's not traditionally like that I think which is good. It's nice to have a bit of fun - in an accounting way.

Self knowledge as a category is based on not just self awareness about a range of nuances including *building up of confidence* and being *intelligent*. One recipient, an owner of a business talked about *building up confidence* in the first stages of the job with the executive:

...I think now that we both have, I guess what I would characterise as mutual respect if you like of each other's knowledge or what have you it's settled into a really easy working relationship.

Another talks about the executive's *intelligence*:

Um he's very intelligent, very switched on. He knows what he's talking about basically. So yeah, I think quite good social skills. But I think with some people probably, if they don't know him very well would take him the wrong way, just because he's very very intelligent. Yes.

And in *self awareness* there is a recognition in some strands that the executive in question knows this. This is through being *aware of weaknesses* through performance appraisals;

knows weaknesses and *tries to handle them somewhere else*; being *superior in knowledge and expertise* and be very *willing to admit mistakes*. Having a sense of *humour* about one's own weaknesses is an encouraging sign of self-awareness. As one recipient remarked:

I think he knows what he's like, and he's the first one to take the mickey out of himself...

Hard working

This construct emerged from the three categories *keeps personal life apart*, *strives to better herself* and *works hard*.

Keeps personal life apart was mentioned by a couple of recipients:

He doesn't often speak of his personal life, when he does, you know how some people can make derogatory comments about their wives, he never does that.

Strives to better herself or himself was seen as a very positive attribute similar to continuous learning:

always always strives to better herself but not in a you know climbing, greedy, nasty way.

Working hard was generally discussed by recipients in a positive manner, although several acknowledged that it had some disadvantages such as encouraging 'tunnel vision' and adverse effects on leisure:

I think sometimes he's a bit oblivious to what's going on around him but I don't think that comes out of lack of care, I think it's just his tunnel vision.

Moral character

Moral character is an important construct to the Respectful Executive and refers to categories of data where recipients discussed particular moral characteristics that they assigned to their non-fraudster executive. In these discussions, recipients referred to a range of issues such as *ethical* behaviour, participation in *community work* and *values*. The relevant constituent categories are:

Some recipients aligned *business ethics* with evidence of moral character:

In terms of this context and business ethics and that sort of stuff certainly I've seen evidence that she is a person of moral character.

One executive was noted for her *community work*:

I guess, but I guess I know that she puts in a lot of her time for things like her rowing club and causes like that, so I know she's a person that gives up some of her time for no money and in fact she keeps some of her time free and won't commit to more hours because she wants to keep time available to do these things that she doesn't get paid for so I guess there's an indication that she's somebody who's willing to put into the community.

Another for her *country values*:

I think it's strong and she chairs our environmental committee so she's generally got a broader society community balance of that stuff. So again a country girl, simple wants and standards of living and interested in those sorts of things environmental, not to the extreme, just interested in driving those things.

Referring to cutting down hours, one recipient noted that her executive was *generous*:

But rather than reduce ours, he reduces his. And he gives us bonuses and things like that. No, not at all [greedy].

Researcher: So he's very generous the opposite of greedy in fact. I would say yes.

Honesty is another category of the **Moral character** construct:

... she's quite open and honest more than in general people are. She just puts it out there rather than being requested too, she's quite open about a lot of stuff she will share with us which is good.

Honesty was perceived by one recipient as not being 'false':

I don't see him as ever presenting a false person. Yeah and I don't know that he'd do that very well.

Respectful

The final construct for the Respectful Executive theme is being **Respectful**. This is comprised of categories of data where recipients described behaviour as *caring, good to work with, recognised potential, having sensible limits, treats people with respect* and *tries to keep everyone happy*.

Caring is a one off reference that refers to the executive's broken marriage:

Did he care about the marriage breakup?

I think he still was worried about how it was affecting the other party. I think he really did care especially about his kids and how this was affecting them and everything.

Data within the *good to work with* category is very similar to the category with the same name that was discussed in the Respectful Executive Their Stories data. It contained data about *good working relationships, sociable executives and collegial work practices*, for instance:

I hope we have a good working relationship. I think we have after working so long. He's just a really good boss.

Recognising potential included a range of behaviours including the *provision of training programs, providing support and mentorship* to facilitate employee development:

We also have training programs obviously within business leadership development programs, executive development programs and a couple of other more broader we call them leadership programs but they're broader than that.

And on a more personal level:

I think she taught me very ethically ...her work ethic as far as doing things the way

they should and you know when we talked about cutting corners before I would never every cut a corner and neither would [the executive] if we felt that it would compromise the result. Yeah I think she really taught me well.

One upline manager talked about the *high career potential* of his executive:

She's good, we've got a few that we think are capable of doing other things. That's what you try and make sure you provide them as a business, as a manager but as a business, they have to develop over time otherwise they are no value to the organisation or to themselves. No no. She's a very capable girl, [sic] which is good.

Sensible limits is a category that contained data describing actions as being *sensibly guarded* and *withdrawn* when under stress:

I think he strikes me as a sort of person who [is] sensibly guarded as far as trusting people particularly in the business world. But then he takes people as they come so if they prove a good honest person then that's how he takes them.

Several recipients discussed the extent to which their non-fraudster executive *treats people with respect* and this category comprised a variety data indicating the ways in which this was demonstrated. Examples included treating people in 'a nice way' that was consistent with maintaining dignity and not belittling employees. The following data provide some examples of the range of behaviour described by recipients:

Like if a job has to be done and its urgent, you can always tell the way he comes in...

And there was no fear in pointing out mistakes:

I said [to the executive] I don't think this is right, something that he has done. He'll say sure, I mean he'll listen to me and if he's wrong he'll say fine.

That last statement concludes the Respectful Executive impression management theme developed from the Question data.

Comparison between Consistent Benign Their Stories and the Question Data sets.

As mentioned earlier, there is more content to the Question Data set than the Their Stories dataset for The Respectful Executive type impression management. Their Stories data produced **good management practice, good manager and good to work with**, whereas the Question data produced **Confident, Consistent, Hard working Moral character and Respectful** as constructs. However, with the data presented as it is, there is certainly a similarity in the two data sets, both unequivocally producing a benign type as opposed to malevolent. **Consistency** as a descriptive label is produced from the Question Data, however, it would seem that to be a **Good manager, Being good to work with** and having

Good management practices that **Consistency** would be taken as a given when recipients experience uniformly positive feelings about the behaviour of an executive.

As noted previously, the researcher faced some challenges drawing recipients out their initial brief answers. A possible conclusion from the brevity of the unstructured part of the interview is that this aspect is, in the recipient's minds, almost a given fact. The construct of **Consistent** behaviour came out in some detail in the Question data, possibly due to the questions about differences in performance in impression management. However many of the references are from other questions as well, and therefore unprompted. Finally, there was no distinction made for a Superior or Inferior type of executive impression management. Recipients saw these executives as equal - and that was from recipients who may have been their upline manager or a subordinate. In addition there is no reference to a disguise, difference in impression management of clients for instance, or mask or putting on a front. The recipients did however refer to their executives as open. Derived mostly from the Question Data, the labels of Consistent, Equal, Benign and Open are applied to the Respectful type.

Respectful executive impression management

This Executive Impression Management is consistent and benign and it appears to represent the good side of management with its traits of honesty, trustworthiness and authenticity. This is reflected in the literature particularly the notion of transformational leadership. There have been empirical studies on leaders that show that transformational leaders demonstrate moral reasoning, ethics and trust (Bass and Steidmeier 1999; Connell, Ferres and Travaglione 2003; Kanungo 2001; Podsakoff et al. 1990; Price 2003; Turner et al. 2002), all aspects of authenticity.

Being able to apologise appears to be a predictor of morality in the Respectful Executive Impression Management, as no fraudster executives were noted as apologetic. However, there was an executive who used Mediocre executive impression management, who gave an apology to a subordinate about his behaviour. As this type tends to use appeasement as their impression management strategy, the apology may have been derived from that negative positioning. Tucker (2006) found that far from being perceived as a weakness, being able to apologise is regarded as an enhanced quality of leadership as it engenders long lasting and trusting relationships and this was the case with the Respectful executive impression management from the semi-structured interview guide. Trust, is therefore is a key factor in

the relationship with recipients and their executives and is discussed further in the next chapter.

Theme 4: The Tyrant executive impression management, Their Stories

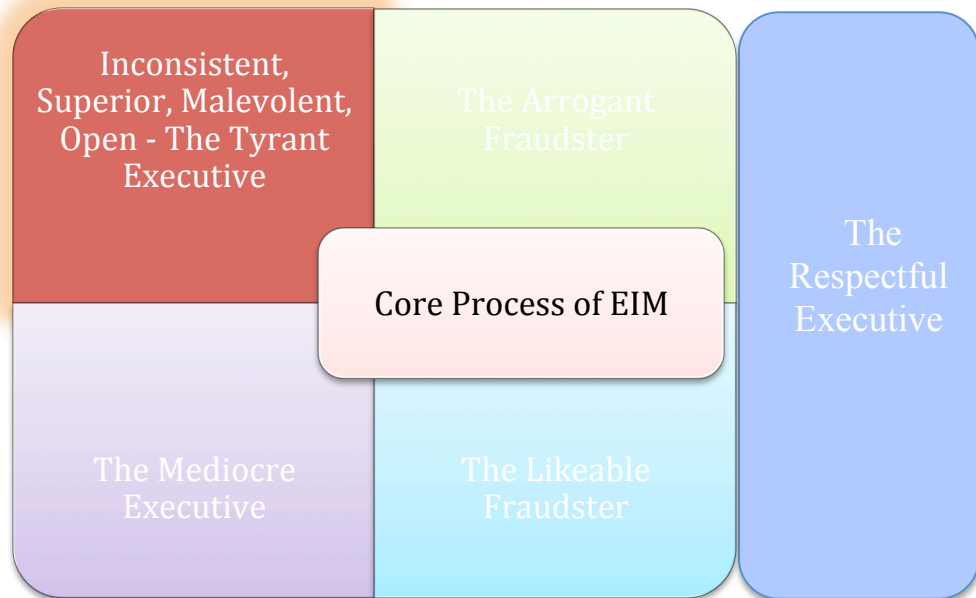


Figure 13. The Tyrant Executive Impression Management

This concept emerged from four constructs: **Inconsistent behaviour**, **Negative emotion to staff**, **Poor management practice** and **Superiority**. There appeared an inferior form of this concept in the Question data set, but not from Their Stories. What is striking about this Inconsistent Malevolent executive impression management concept is how it is so openly negative in form, and a complete contrast to the Respectful Executive type. The category formation is shown in Figure 14.

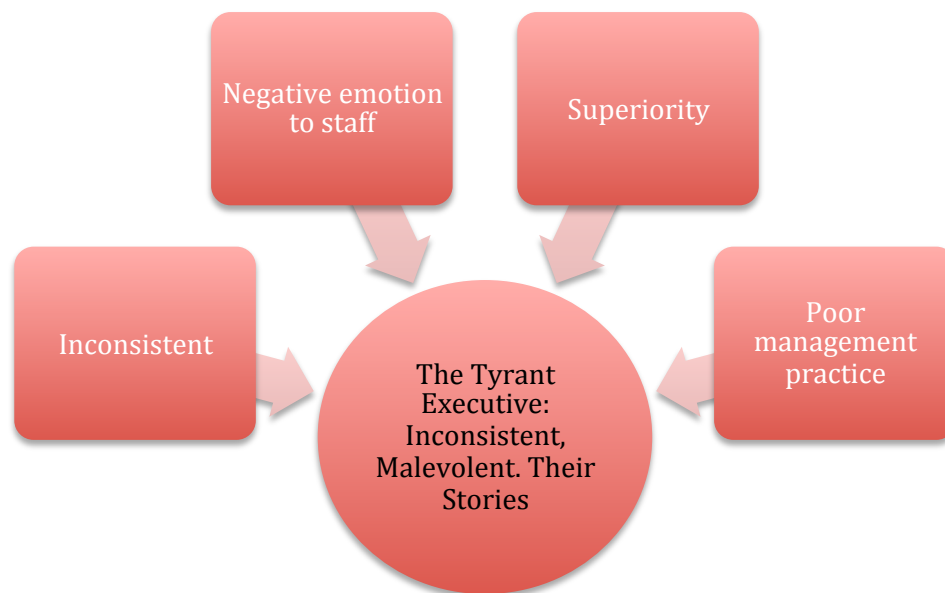


Figure 14. The Tyrant Executive, Their Stories

Inconsistent

The construct of **Inconsistent** is comprised of five categories: *lied to me*, *treats different staff differently*, *undue pressure on other staff*, *very welcoming at the start and what you say was not what you get*.

Several recipients described the stress and difficulty of working with an executive who had *lied* to them, for example:

They started putting the pressure on me and I think what was the worst thing they did, was to actually tell me that I was doing things in the office that I knew that I couldn't be doing but I was being blamed for.

It was quite notable that the executives in question *treated different staff differently* and were perceived as inequitable in their dealings:

I understand from the receptionist he doesn't actually treat her the way that he treated me.

Inconsistent behaviour was also associated with the placing of *undue pressure on other staff*:

...and anyway they first of all started on the other girl, started putting pressure on her and her work and finding fault with things and this sort of thing. It was really nasty stuff and she would be taken into the office she would come out she would be crying...

Being *nice at first and hard nosed later* is an inconsistency based on time:

...although I thought initially that he had regard for my ability and I thought on that

basis that I would get his respect ...he accused me [later] of not having done something right ...if he hadn't been such a hard nosed person, it probably could have worked.

What you see is not what you get is an in vivo coded reference, that provides a direct contrast with the phrase 'what you see is what you get' that was discussed in reference to the Respectful Executive theme:

Like he had a bit of personality but I didn't realise that that's probably, not a front, it like's what you see is not what you get.

Negative emotion to staff

Another construct to the Tyrant type is **Negative emotion to staff**. This was comprised of two categories *anger* and *disrespect*.

Anger was mentioned in several references and associated with aggression and impatience and shown by the non fraudster executive in question:

...so when I came back he was angry because I hadn't done what he expected me to do but hadn't verbalised. So that didn't start off really well.

Disrespect was perceived in behaviours such as *not wanting to listen* to colleagues or disregarding colleagues contributions:

*...he didn't really want to listen to anything you had to say./.../
He wouldn't actually care [if I left]; I would not have mattered to him at all*

Superiority

Another construct in this theme is **Superiority**. This is very similar to the construct found in the Arrogant Fraudster type of impression management. The categories describe executive behaviours such as: *could not accept he was wrong, negative power, thought highly of himself* and *trying to prove that I was incapable*.

One recipient went into some detail over how an executive *could not accept he was wrong*:

It wouldn't matter if he didn't get something quite right he would never really accept or admit that.

Negative power, another category, was shown in different ways, including *bullying*, trying to make colleagues *feel powerless* and attempting to show people as *incapable*. Some indicative examples of data that demonstrate the use of *negative power* include:

I would say that day, definitely he was bullying me and that's when I was so upset...

Some executives *thought highly of themselves* and data in this category were mostly in vivo coded. One was described as having *hobnobbed with connections*:

I think he advised football clubs, like I think he was a legal advisor to a prominent football club that he was a member of so yeah, I'd say he hobnobbed it with... but you know kind of full of himself and probably his connections,

Trying to prove that I was incapable is the last subcategory of **Superiority**:

They were putting the pressure on trying to prove to me that I was incapable of being promoted.

Finally, the motive behind the harsh treatment was seen in *wasn't meant to leave*:

but I think the idea was not to have me leave, but just for me not to feel I could be promoted.

Poor management practice

This construct is derived from behaviours shown by the non-fraudster executives that produced poor working environments. The categories to this construct are varied but include practices such as *late payment of salaries, poor intake, employment processes and a lack of clear work practices and expectations*. The categories that comprise this construct are:

Abusive testing of candidates, as shown by this reference:

But as time went on... they'd made a mistake and what they thought or planned to do was no longer feasible, so it just meant that they then didn't need two people they needed one. So instead of sort of letting us know this what they decided to do was just to see which one was going to be the better one.

One owner manager *did not pay salary on time*:

I was told by the receptionist and I actually saw emails from my predecessor saying to him, please put my salary in my bank. He didn't even pay their salary on time and all those kinds of things.

Poor intake procedures was another indicator of poor management practice:

We agreed to meet for coffee, I don't believe I ever gave him a resume. It was really networked and we agreed to meet for coffee and talk about his firm.

Another category of **Poor management practice** was about *interaction* being a problem:

but I found very quickly that every time I had to interact with him it was problematic...

Another recipient found that there was a *lack of clarity* from the executive:

On a personal level I found it quite difficult because the lack of clarity in what he wanted to do

Used my own initiative is a feature of the *isolation – little or no support* category:

I found, because of his demeanour and the way he was, I found it difficult to go and ask him things

Finally another thread in the *isolation – little or no support* was *poor office space*:

It was unfortunate that my work area was in an office where it had the printer and the photocopier and everything so I had people in and out of my office all the time.

Their Stories data now concludes with the Tyrant Executive type of impression management. Other constructs emerged in Question Data, which is now viewed in the next section.

Theme 4 & 5: The Tyrant and Mediocre executive impression management, Question Data

The Labels of Tyrant and Mediocre for these two Executive Impression Management types are words given by the recipients who worked with these non-fraudster executives.

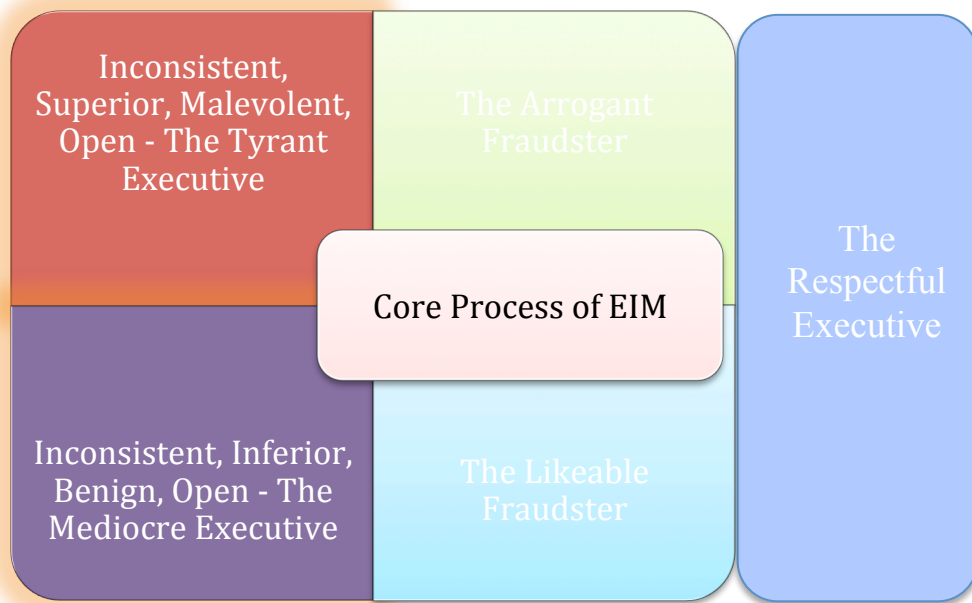


Figure 15. The Tyrant and Mediocre Executive Impression Management.

These are the final concepts that were found relating to executive impression management. The data are from the question component of the interviews of recipients of non-fraudster executives. The six major constructs of the themes that are Inconsistent Malevolent non-fraudsters are shown in Figure 16 below.

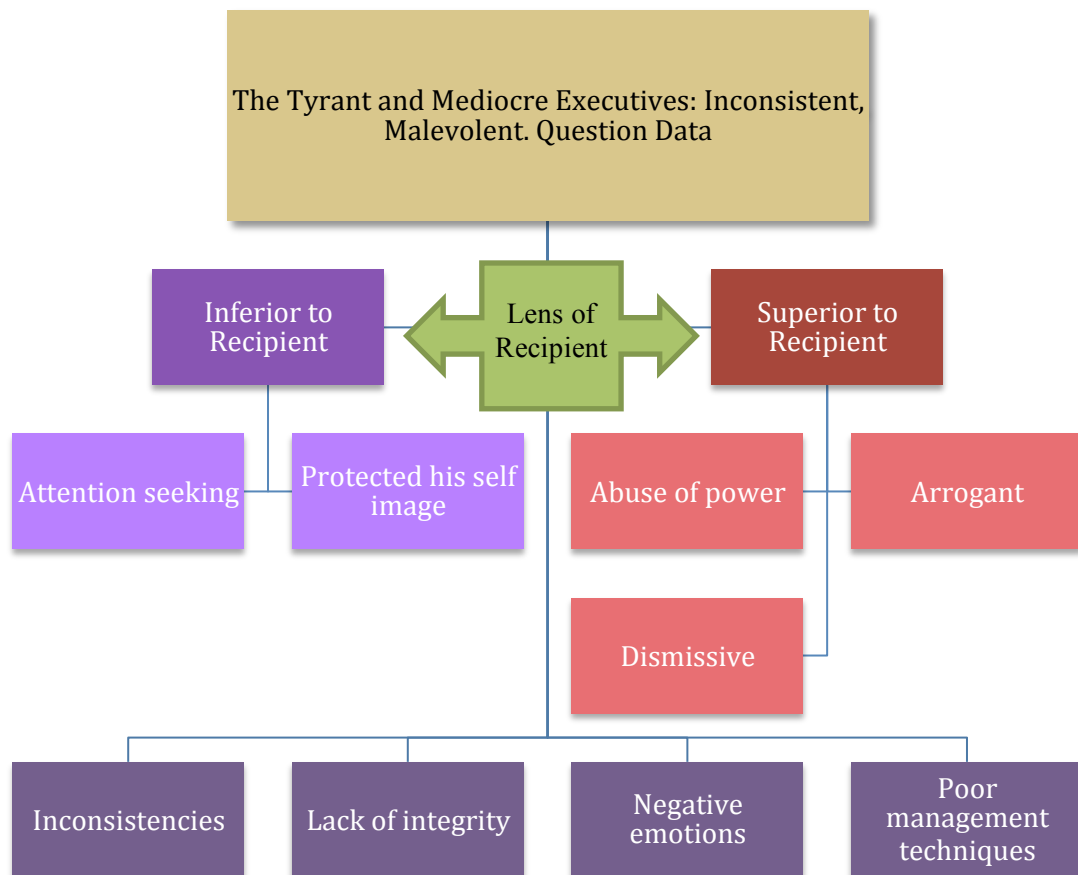


Figure 16. The Tyrant and Mediocre Executives, Question Data

What strikes the observer immediately from this concept map is that for the first time both Superior and Inferior forms are seen in the non-fraudster executive impression management. In the Their Stories data there were no reference to indicate an Inferior form at all. However the Question Data reveals the second type.

The five major constructs shared by all of these negative non-fraudster executives are: **Inconsistencies**, **Lack of integrity**, **Negative emotions** and **Poor management techniques**. Finally at the end of this section, the **power relationship** from the eyes of the recipient constructs of **Superior** and **Inferior** are described, which give the two variations if Tyrant and Mediocre impression management.

Inconsistencies

The **Inconsistencies** construct comprised of three categories, *differential behaviour*, *risky behaviour* and remarks made about their *spouses* being made separate from work.

Differential behaviour is an interesting category as it was also noted within the fraudster impression management themes. The category arose in this context in discussions about how the impression management differentiated in regard for others:

You know, she had her favourites, she was allowed to have her favourites.

Several recipients referred to the difficulties of working in an environment in which different behaviours were exhibited in the *inner sanctum* of the organisation:

I had known him in a corporate conduct kind of situation the same as the rest of his staff and it was only when I was invited into the inner sanctum so to speak, where we had this informal thing and then this other language appeared that was far more basic and inappropriate references. So I tolerated it for a little while, I couldn't join in because it was below standard, my standard, so then of course that would cause me to not be part of the group, I was different and that in itself had it's own ramifications on a daily basis.

Another recipient explains the special treatment that one could receive as a favourite:

...Yeah, so to me she wasn't the fairest of people, it was just people she was close to that she was fair to. If she wasn't that close to you, you know then you didn't matter too much.

However, non-favourites were *left out in the cold*, as one recipient puts it.

She would have believed in the worst of me because I was with the other person (and she would have thought she doesn't care for me so she's going to be telling her things) and therefore I was sort of left out in the cold really.

And interestingly, a recipient can be in a *bad position from the start* no matter what he or she did:

I was in a bad position right from the word go, but it was the arrogance that came through that you know, if you're not on my side, then you don't get entertained really.

A difference about the *differential behaviour* observed by fraudster executive recipients and non-fraudster recipients is that the non-fraudster behaviours were not associated with concealment. Non-fraudster executives did not appear to disguise, in fact they were described as open in the different aspects of their behaviour for example:

You know if you were on the bad end of her you saw the real her, you saw the her that wasn't this nice old lady, that was pretty bitter and nasty and had the right words for you too, could cut you right down. Other people would say what a lovely lady she was and there were people in the office who thought she was wonderful, but she was wonderful to them.

The category of *risky behaviour* has data relating to addictions, for example drinking:

I would say drinking because I used to think to myself when he came back in the afternoon his behaviour in the afternoon after he'd been out for lunch was different. And that would be because he'd been drinking in the afternoon, so I would say he'd have had a drink every day, so I'm sure that that probably amounts to an addiction, wouldn't it?

Strikingly similar to the fraudster impression management, there appeared data for non-fraudster executives that their *spouses* rarely appeared at work functions as well. In *never brought his wife*, a recipient remarks:

I can't remember any function when he's brought his wife or any other outside friend or associate.

Researcher: He didn't bring his wife?

Not to any of the functions. He has brought his children but not his wife.

Lack of integrity

Another construct to the Tyrant Executive is **Lack of integrity**, it is composed of five categories of data: *strategic positioning of self*, *hiding*, *lied*, *scapegoat* and *trust wouldn't be there*. Several recipients remarked upon **Lack of integrity**, for example:

but I feel there were flaws in the way she conducted herself. So her integrity is I think is questionable in my mind.

This was shown in various ways, one recipient was less than impressed by *strategic positioning for self-gain*:

Yes I think it was strategic positioning so that when the time for the incumbent CEO stood down he was the most suitable person that would be considered and the most understanding of what was required for the role.

One non-fraudster executive was known to *hide* (the recipients') *things*, as the recipient explained, this took several forms:

And the only one that had something to gain was [the manager] so that was very dishonest I think and it's very strange with her because she could hide [my] things.

Being *lied to* seemed to be an inherent part of this type of executive impression management:

When I reflect, ...the set of circumstances he put to me wasn't correct, there was someone working in the role when I spoke to him in the November because she left in the December and she was not on probation. She was clearly not on probation.

Being made a *scapegoat* was the treatment of one recipient:

...if any trouble, it was going to be me, it would come back on me.

And with such treatment going on *trust wouldn't be there*.

*Researcher: If you were receiving care from this person would you have trusted it?
No, because you would just wonder when it was going to reverse. No I never would have trusted it.*

Negative emotions

Negative emotions is a construct comprised of categories describing behaviour as *anxiety*, *disrespectful*, *unempathetic* and *viewing people as threats*.

There was only one statement that referred to the non-fraudster executive's own *anxiety*:

I don't think he was depressed. I think there was an anxiety, I would put it more like an anxiety not a depression.

In contrast to the Respectful Executive impression management, *disrespectful* behaviour was shown in a number of contexts including behaviour with lawyers and clients:

We'd just look at each other and think "Whatever!" He didn't know everything but he carried on like he did.

Lacking integrity was also associated with a *lack of empathy*. One recipient explained at length the *lack of empathy* among the non-fraudster executives that she had to work with:

Even to me empathy translates to... is derived out of the empathy you feel you want to do the best for them and help them, so if you're messing up the job that you're doing that's actually not helpful to them it might delay things, it might make them suffer financial hardship... so to me you couldn't be particularly empathetic if you then didn't get on and do the job properly...

Giving an ultimatum is seen as being equally *unempathetic*:

I'm just thinking about my colleague who was from [overseas],... did his law degree and moved out here with his partner and bought a home. My employer was his sponsor and he absolutely pulled the rug from underneath him by... [giving] him some ultimatum, either buy into the business, or I'm selling... But upon leaving, it meant he had no visa, no sponsor and [the colleague] expressed to me, ...he tried to tell [the executive] the impact on him of the business decision... He couldn't see it even, he couldn't even see what he was doing. ...So [the executive] doesn't have regard does he? He doesn't, because he wouldn't have done that. He's his sponsor.

In a final category, **Negative emotions** was associated with one executive's tendency to view younger, successful staff as threats:

... you sort of felt that she was a little on edge with people younger coming in who were doing really really well.

Poor management techniques

In contrast to the Respectful Executive, the next major construct is **Poor management techniques**. It is composed of *poor communication*, and *unsupervised*.

Poor communication was a problem for several recipients and was discussed in contexts where specific executives appeared unaware of colleagues' need for clear exchanges of ideas and information:

When we talked about weaknesses before, he is a very poor communicator, really poor.

Sloppy work included examples of *bills not being paid* and recipients' perceptions that an executive was not thorough:

He didn't pay his business bills on time, we were always getting calls from credit people, so that would be the only valid thing that I personally took calls on a number

of times that he hadn't paid. We didn't even have a relationship with a courier where we could courier documents out which tells me a lot.

Being left *unsupervised* was a criticism that came from a couple of recipients, which led to unusual circumstances. One recipient talks about being *unsupervised* for several years:

...I have never felt the supervisory role situation. As the director or CEO he's required to put his final stamp of approval or whatever is required on a particular project or whatever that I have relayed to him in all those roles and currently in the same way as a person who is trying to achieve certain things. So the role is almost irrelevant. So the relationship is the same.

There are two remaining constructs to the Inconsistent Malevolent: the Inferior and the Superior forms. The information presented here is through the lens of the recipient as it came out in the Question Data.

Inferior

The **inferior** construct presents data and analysis that is relevant to contexts where recipients view a non-fraudster executive as 'below' him or her; attention seeking, *asking others about appearance* is asking for others' approval, which is reinforced by the type of *social monitoring* that is again approval seeking in the recipient's information. There are two categories to this construct, namely *attention seeking* and *protected self-image*.

Dealing with *attention seeking* first:

Researcher: But he did that to gain people's... what?...
Attention. It was a performance which he possibly could not do anywhere else.

Protecting his self-image was another behaviour observed:

He liked to be appropriately dressed, he liked to be recognised in public, he liked to have the respect of the staff but he may not return the same respect to them which was what I got annoyed about. He would expect not to have personal remarks made to him but he could put personal remarks to other people. So he protected his self image.

And, in order to do so, the executive concerned took a *philosophical position on budgets*:

Yes, yes. But then it was sometimes, that the choice was unavoidable and the consequences were unavoidable and he took a philosophical position on that. There had to be a certain number and the budget only stretches so far and those that do not get the support of the wider organisation or the stakeholders as they say, we have to do something about the budget to support the ones that are successful.

One executive markedly showed *social monitoring* (an image protection strategy to ensure that communication is being received correctly), and he would *check out* a recipient:

It was more when he made an inappropriate remark, ho ho ho, then he would look at me and stop.

Using quite the opposite tack, are those non-fraudster executives who see themselves as superior through the eyes of the recipients, putting themselves 'above' the recipients, which is now discussed below.

Superior

There are three major categories to **Superior**: *arrogant*, being *dismissive* and the *abuse of power*.

Arrogance:

...it could be in subtle ways ...he was an arrogant person. ...I have seen him make arrogant remarks

Arrogance was also demonstrated by *not caring what others think*:

No I can't even say he claimed to be anything, he was just who he was and I guess that's part of the arrogance, you know, you think you know who you are and you don't really care how you are perceived outside of what your own perception of yourself is.

By *boasting*:

It was always there, there was a lot of boasting going on and you always knew she had plenty of money.

Or by *seeking the limelight*

...and she always like to be in the limelight always liked people to look up to her and because she was mature and all of us were that much younger I think she sometimes thought she had to fight harder for that, that could always come across a bit greedy that she always had to be the one in the limelight.

Some executives *made arrogant remarks* and were excused by the recipient, as in this reference:

...it could be in subtle ways but not to the point I would have thought it his personality, he was an arrogant person. I wouldn't see that he was an arrogant person but I have seen him make arrogant remarks... they were throw away lines.

Rather than *arrogance*, some recipients described behaviour as *dismissive*, as one recipient described:

...he just turned around and said to me: "That's nonsense!" or "It does not!" and I thought: Hang on, I practised in that jurisdiction! He was dismissive perhaps. It's like I couldn't possibly know what I was talking about.

Abuse of power is reflected in data discussing *bullying*, *controlling behaviour* and the *use of personal power*. A recipient complained that:

Because in a way, it brings up stuff you've had from long ago, she's just like all the others you've had in your life that's bullied you and she was a bully. There's no doubt about it, she's a bully.

One of the effects of bullying is that nobody wants to get involved and the target remains *isolated*:

...there was one girl I remember seeing, she was out of work early and she said that she was really sorry that I'd gone, and everybody was really sad about the fact that I'd gone, but she was the first one to actually tell me that nobody communicated with me because nobody wanted to get involved or have it taken back that they'd spoken to me or been to see me...

One recipient remarked about how her executive was *always in control of herself*:

She always seemed to be the same, I mean I saw her with her family, I saw her at social functions but she always seemed the same type of person; she was always in control of herself, always in control. I've seen her with her family she's the same again, so there was no difference really.

It was also noted how an executive could *switch on 'the act'* as part of her controlling ways:

*She could be, she could switch it on when she needed to.
Well the one example I can give you is where she has just torn one of us off to shred and then a rep would walk in and her whole being would change.
"Hello, come in would you like a cup of tea," completely switched.
...they [the male reps] used to come and see her anyway, but that's when you'd see a different her altogether yeah. They used to think she was wonderful, lovely. A lovely old lady. Yeah. Well she was to them.*

Abuse of power was also highlighted through actions such as *having the last say* and needing to always *have her own way*.

I think that she knew she had the strength in that office, she had the last say in that office. She had the power...

And:

I never found out how each [upper echelon executives] participated in me having to resign, never found out. But no, to me there were no morals she would do anything to get her own way and do you know get things the way she wanted then to be.

Comparison between Their Stories and Question Data for the Tyrant and Mediocre Non-Fraudster Executives.

Both data sets contain a significant amount of data in the categories relevant to inconsistent behaviour. Similarly, both the unstructured interviews and the Question Data give information about the construct of negativity. In the Their Stories data it is a construct named **Negative emotions to staff**, and in Question Data it is simply **Negative emotions**. These two constructs through the two sources of data, having **Negative emotion to staff** through *anger* and *disrespect* (Their Stories) and being *disrespectful* and *unempathetic* in **Negative emotions** (Question Data) are clear demonstrations of malevolence to the recipient. The category of *malevolence* is shown by not being treated well or even ignored, and the more severe form is outright bullying using emotional violence against the recipient. In addition, both sets of data support constructs that portray the non-fraudster executives as being poor managers.

While the Their Stories data produce a Superior form – the Tyrant Executive, the Question Data provide both Superior and Inferior, depending on the lens of the recipient. The Question Data also produced a category of *lack of integrity*, which did not occur in the Their Stories data. Overall though, Question Data supported Their Stories and fleshed out extra dimensions to the concept of these openly inconsistent and malevolent types of executive impression management.

Summary of the Five Executive Impression Management Types

The analysis of the data from the two components of the interviews with fraudster and non-fraudster executives produced one benign and four malevolent executive impression management types. What is remarkable is how the impression management is consistent or inconsistent and is seen as a constant focus through out the themes. Also there has been the development of Superior and Inferior forms of relationships developed in the impression management to the recipients. Both features - the power relationship and the consistency of executive impression management were not expected and emerged through the constant comparison process. The next step is to set out the data showing how fraudster impression management was presented when in crisis and how it affected the recipients afterwards when they realised that a fraud had been perpetrated.

Theme 6: Fraudster Crisis Moment, Their Stories

Throughout their discussions, fraudster executive recipients clearly defined their information between before and after the fraud was discovered. With Goffman's sense of character (pp 215-239, Interaction Ritual, 1967) in mind, the researcher took the opportunity to see if there were any data relevant to the 'fateful moment' when a fraudster was confronted with the fraud. Several recipients discussed this event in their unstructured discussions. For other recipients, data emerged in the Questions section of the interview. This is because all recipients were asked at the end of their questions if they actually saw the executive in a moment of crisis. For the fraudster recipients it was an opportunity to describe the discovery of the fraud in some detail, particularly if that had not been said earlier. These findings are described below. Again the concepts that were developed out of the data have the two sets of origin: Their Stories and Question Data.

The constructs that make up the Crisis Moment theme are temporal, with references to immediately before, during and after the crisis. The actual constructs are: **Precipitating event** to the discovery of the fraud, **Immediate action and thought** and finally **Within minutes hours later**. These constructs with their categories are laid out in Figure 17.

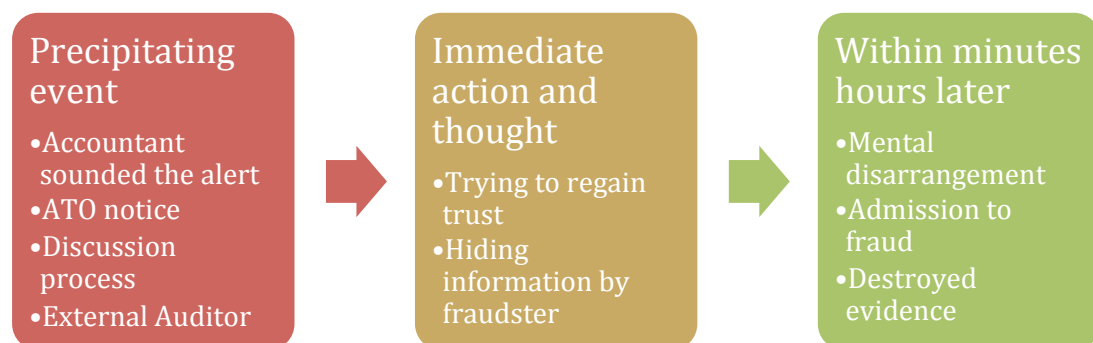


Figure 17. Crisis Moment, Their Stories

Precipitating event to discovery

In **Precipitating event to discovery** of the fraud chronological construct, there are category references to *accountant sounded the alert*, *Australian Taxation Office (ATO) notice*, *discussion process* and *external auditor* and *agencies that sound the alarm*. For example, a

precipitating event to the discovery of the fraud was through an *accountant sounded the alert* finding a discrepancy in the accounting. She describes it thus:

The next morning it twigged to me and I thought there's something not quite right about this and I backed the whole computer onto my laptop and I went home and I scratched my head and I was looking through it a bit more and saw a bit more and it was only totaling about \$29,000 I think at the time.

An *Australian Taxation Office* notice inadvertently sent off a discovery of a fraud:

*Researcher: When was the point of discovery?
As of [gives exact date], returned home from work. And heading off to see a concert, and I checked the mailbox and there was a letter from the ATO. And a Director's Company notice, so it's come to my home. For the nonpayment of a certain liability, for a certain amount.*

And after he had spoken to the company accountant, the *external accountant* became alarmed:

And I had spoken to the accountant about that, and he said: "No, we should have a look at this. There's something wrong there."

And then the *discovery* of the fraud took place:

So I'm there at the accountants, going through it all. I had a copy of our accounts, and they have access to the tax portal, and they went through the tax office records and Bingo! (snaps his fingers), Bingo! (snaps his fingers), Bingo! (snaps his fingers), Bingo! (snaps his fingers), Bingo! (snaps his fingers)...(snaps his fingers). So we went "Far out!"

After finding out about the fraud, the upline managers had to take the next step of a *discussion process*:

And then they said ok well they'd do the right thing and talk and sit down with him, by the time I'd left them on the Sunday I'd given the facts I knew and said you're going to have to talk to him.

And they were *warned* not to let the fraudster have his computer:

And I went and told them, they didn't believe me. They really really didn't want to believe me. And anyway we went on the Sunday we met and told them [indistinct]. I disconnected his computer and everything. I said to [the owner manager], because he did not want me there when he confronted [the fraudster], he said "I don't want you there at all", I said "whatever you do, do not give [the fraudster] this computer".

In addition, there was a fear that the fraudster *would do a runner* before the confrontation:

...we went into the office and she wasn't there... I said "Oh look, and she's shut the office perhaps to go home early for lunch." So anyway, I said I know where she lives, so we went round there to see if she was home. Car was in the driveway, wandered in, and he came in with me.

Immediate action and thought

There were two main categories to immediate action and thought and they describe two types of behaviour by the fraudsters: *hiding information* and *trying to regain trust*, both of

which are continuing Fraudster impression management, not choosing to being open as others are.

Hiding information could be relatively active, such as deleting information from a computer or quietly passive through not revealing information:

So I got onto the computer and it was gone, she'd deleted it and with accounting you can't just delete anything, you have to reverse it or do something to leave an audit trail. Well this was gone.

The other impression management device was to trying to *regain trust*, for example one fraudster immediately gave an *apology*, while another offered restitution:

When they gave him the computer he did the, oh you know, "I'm sorry" and "I know you don't want me working here anymore."

And:

"I'm sorry, I'll pay you back" and being very helpful.

Bluffing was another tactic used:

There were three irregular transactions in an account and it was really obvious that they shouldn't have been there and I asked him about it and he goes "Oh I've been waiting for you to ask me about that". I documented his actual words because I wrote it down at the time because I knew something was seriously not right. I was so glad that I did.

Within minutes or hours later

Within minutes or hours later the recipients recalled reactions from the fraudster such as *admissions of fraud* and *destruction of evidence*, this was followed by a *mental disarrangement* by the fraudster:

Admissions of the fraud were always guarded.

He didn't fess us to the full amount, he confessed to like thirty thousand dollars you know, so I don't think it was a cry for help because if it was he would have said guys it's a whole lot worse than that.

Destruction of evidence happened very quickly:

And he had crashed the server, trying to delete registry details. Cover up his tracks. He knew I would not be there. So in one last act of bravado. he basically reformatted the hard drive and destroyed the server. And theoretically destroyed the evidence of the fraud...

Lastly in the Their Stories data there was mention of some *mental disarrangement*, one fraudster went into a sort of *catatonic state*:

... [the fraudster] threw a wobbly and fell on the floor and feigning unconsciousness and all the rest of it. At that stage I sort of thought, you know, a few times I have seen her stack on a few acts. She was a bit prone to theatrics, she's a bit...that sort of thing.

Question Data

The constructs that made up the Crisis Moment theme from the Question Data are also sequentially based with the **Precipitating event**, **Immediate reaction in crisis** and **Moments after discovery**. The theme is mapped out in Figure 18 below.

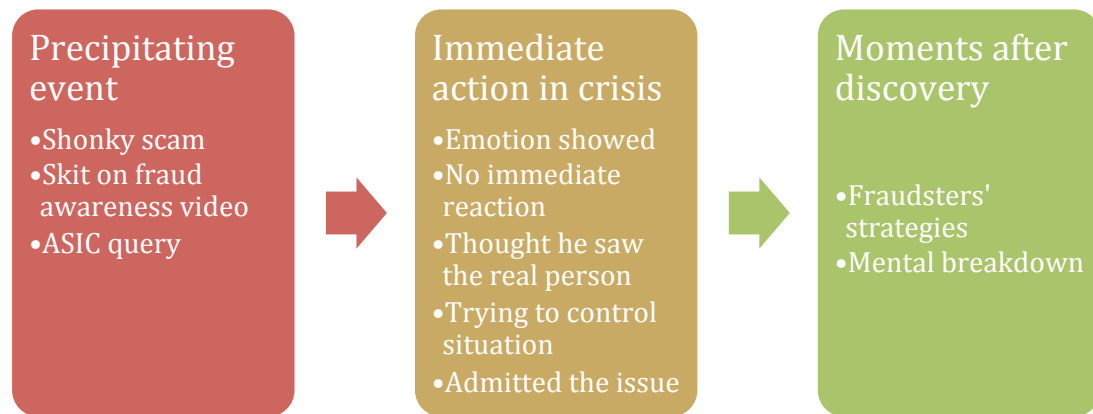


Figure 18. Crisis Moment, Question Data

Precipitating event

In this construct there are several categories describing the incidents that triggered the probing of the fraudster's actions. There were external agencies involved again, but in very different ways: there were internal concerns growing about a *shonky financial scheme* brought about by the media; the *Australian Securities and Investments Commission (ASIC)* and an organisation's staff training videos produced a *skit on fraud awareness video*.

An upline manager explained how he had growing concerns about a *shonky scam* and how many people might be involved in the overall organisation:

I was talking to the guy upstairs for quite a while because we were concerned that the investment activities And apparently after that some of the people were being enticed into it. We were raising issues with this [matter], this is not good, how are we going to stop this? It's alright for these guys to do it on their own, but if they are talking to others... That's what became a real concern of ours.

Without realising it, the upline manager had created a *moment of exposure* for the fraudster:

And apparently after I put this article on [the fraudster's] table one morning, and said, "Did you read that? We have been talking about these funny deals that they were

doing next door." and so on, and I put it on there (on his table) and I said: "It just shows you, people are so gullible aren't they?"

ASIC was the outside agency that triggered a closer look at what this fraudster was doing, as his manager explained:

I got the phone call from the ASIC on a Friday afternoon about 3 o' clock, and um... They were just following up as our organisation had 2 transactions with a company overseas that was on their list of concern. And they wondered if we could tell them about these transactions.

After the ASIC query, the upline manager had to *find records* of the relevant transactions:

Finally I got the dates out of the [ASIC] guy, and then he gave me the amounts: \$4M was one [laugh], \$58,000 coming in was the other... I said "I will have to look it up and get back to you", you know. And that was the problem, I couldn't find anything for \$4 million. The \$58,000 I found, I was there basically at work all night working this out.

One particular upline manager mentioned that the fraudster was *away at time of discovery* of the fraud:

So we could never actually go back after that because he was off, I think that this was one Friday, and he went to his doctor and he was given a medical certificate for the whole of the next week. And it was the following Friday that all the issue broke, and so on.

In another category *skit on fraud video*, a precipitating incident demonstrates a completely different moment that was created unwittingly by the recipient:

In the mornings we would watch what they call [an internal information program on video] ...In this little skit the branch manager was stealing money. He ended up getting caught of course and that just showed the process of what they do and I remember turning around to [the fraudster] and saying: "So you better watch out! Sort of thing and he just looked at me..."

Immediate reaction in crisis

This construct captures the recipient's recollections and perceptions of the fraudsters' immediate impression management reaction in crisis. There are five categories: *emotion showed*, *no immediate reaction*, *thought he saw the real person*, *trying to control the situation* and *admitted the issue*.

The category of *emotion showed* has some links with Goffman's discussion about the circumstances in which 'true character' is revealed (1967). The range of emotions described by recipients include *fear*, *horror*, *guilt*, *anxiety* and *worry*. Some indicative quotations demonstrate the breadth of emotions described by recipients:

When I look back it was fear. But at the time I think I just thought he was mesmerised with the TV like, he just had a glazed and wide eyed and he was very pale and then when I cracked a joke and he looked at me with that serious look. But when I look back after being told [about the fraud] it was fear and horror.

Another recipient reported:

[The fraudster] looked for a second petrified, worried, concerned.

In one case, the recipients were *tipped off* about the fraudster's behaviour and began to think that something was very wrong. This type of incident occurred between several other fraudsters who normally joked about everything, and their recipients as well:

It was nothing, it was a non conversation, I'm sure I just walked in and [the fraudster] said to me, "I can check on this too, with my backups", but I'm pretty sure he just came in and said "You haven't said anything about this to anyone have you?" He was sitting at his desk and he just looked up and I can remember thinking ... how serious he looked...

And:

But it was just that look up, and he hadn't said anything, that look I won't forget.

One particular recipient was privileged to see a *previous moment* of crisis in her boss as well as the fraudster and in response to a question about the difference between the two reactions, she said:

Oh Yeah. Yeah, that moment, definitely. Because [the fraudster] was never that deep. He would never let anything... But comparing the two [scenes] it was probably I would have said that [the fraudster] knew he looked worried or concerned... because usually if I had made a mistake at work or done something, um...yeah it was never a drama. He would say "Ahhh yeah." But this was serious.

Another recipient perceived a fraudster as *shaken* in a crisis moment:

He was very aware. He was shaken not stirred. He knew.

In contrast in the *no immediate reaction* category, other recipients described reactions that were *bland* or silent:

Yeah, pretty bland sort of response for \$4 million.

There were also reactions in which an *act* was maintained:

He leant over me and I yelled: "What's this?" [pointing to the first fraudulent transaction that was found] And he's leaning over from behind me so I never [directly saw his immediate reaction]... I remember looking but it wasn't like I was sitting here facing him. I looked and it was, "Oh yeah", he put on a pretty good act. He said: "Oh no, it's nothing, I'll fix it."

One recipient *thought he saw the real fraudster*:

But what he showed me of his character was, his same old self. He actually covered it up really well.

Other fraudsters did react immediately in *trying to control the situation*. There are two very different responses. Some appeared to try *bluffing* their way through the situation:

He said "That can't be right". I said "well, we've asked the ATO, because it had been a year or so they scanned the image, so we have asked a copy of the image. He said "I would like to see that!"

Like in other words: "That won't happen!" "I'd like to see that!"

In other cases, fraudsters *admitted to the issue*:

So that was really the issue, so then we, we confronted [the fraudster] here on a Sunday afternoon. And that's when he actually said. "Yes that's the issue."/.../And he came along. He came along with a prepared note that he had written out to the Directors...

Another immediate reaction was to *issue a challenge* with her admission:

The wall went up and she just said "Charge me. Just charge me" that was all she kept repeating and all the rest of it.

Moments after discovery

This construct is constituted from the categories where recipients discussed moments shortly after the discovery of the fraud. The constituent categories are: *fraudsters' strategies* and *mental breakdown*.

The *strategies that the fraudsters* undertook were varied once they realised that the game was up. In one instance *counter accusations* occurred:

Then he accused me of ripping him off and he was going to go to someone, whoever, the powers that be, because I wasn't paying him his holiday pay

Another agreed to a *signed written statement*:

Anyhow, at the Director Barrister took [the fraudster] outside and said "I know you have written that out, but I'd actually like you to now sit down at your computer and write out in your own words what you just told us in there, and I'll get you to sign it and we will witness it. Are you happy to do that?" He said "Yeah, I am happy to do that."

A somewhat surprisingly outcome was when another fraudster had to face was giving up some control and having to *rely on someone else* in the crisis:

And because it was me who was going to ... go along with it and say nothing, or it was me who was going to say something. So he was,... He was, for once, I suppose he was relying on me to do what he wanted [to hide the fraud]. Whereas I guess he puts himself in that position where he gets the control everything. He didn't get to do that.

Another strategy used was *to not admit everything* at discovery of the fraud:

When we sat him down we said: "Right, what's going on?" No, I think, he actually admitted. Oh yeah, because I'll admit to this small amount, and I'll pay you back.

Justifications were also used, as one recipient explains the fraudster argued that he was also achieving returns for the firm:

This was his whole issue, the fact that he was going to get something for himself, because it was going to pay such high returns, such bonuses on placing the [the company's] money. He didn't see a problem with that, because he felt that the organisation was still going to get a really good return anyway. But then this realisation was that the investment could be shonky [and be lost].

The same fraudster sought *reassurance* from a friend:

The guy was saying, giving him assurance, "Ah no, everything is ok "

In the *mental breakdown* category, one recipient reported stress that produced convulsions:

...that was the very day that [the scam was exposed] happened that he had the seizure on the way home. So you can't help wondering that there was a connection with probably a stress related event. And although he had this injury to his head and this convulsion thing, it probably just tipped him over the edge. And that's what happened.

Also another fraudster *tried to contemplated suicide*:

But they also told us that he tried to commit suicide that night as well. Well he contemplated suicide. That's why I think that stunned us as well because we only saw him yesterday and he was fine. He was like: "Good holiday, see yas!"

Comparison between Their Stories and Question Data for the Crisis Moment

Despite the Their Stories data being sketchy as to what happened at the Crisis Moment, a good picture of what happened still emerged. It was noticeable that the time-based constructs stayed the same in the Question Data. There were comparatively more data in response to the questions, which of course is attributable to the question devoted specifically to inquiring about this moment. Interestingly, however, while the question contained no reference to the emotions of the fraudster upon discovery, this was a key construct to emerge from the data. The data were highly descriptive of the intensity of the emotions shown. The Question Data also gave a comparative example of the perceptions of mental disarrangement that were found in Their Stories. This enables a fuller picture to be understood for later discussion.

In addition, the alerting process was found in three very similar stages when Their Stories and the Question Data are reviewed. In Their Stories the recipients do not mention the first alerts that they received immediately before the crisis moment and this is because the first alerts were seen in the **Inconsistencies** construct in the Arrogant Fraudster theme, and *behaviour changed as pressure built up* for the Likeable Fraudster theme. Interestingly, the first alerts for the Arrogant Fraudsters were set off sometimes years earlier. These three stages are referred to in more depth later.

Crisis Moment and Goffman's prediction of true character

What is interesting about Goffman's prediction is that this study, with its very small sample, seems to support that there is a moment in the fraudster's impression management that the recipient sees the true character. When comparing the **Immediate action and thought** construct of the Crisis Moment (Their Stories) to the Crisis Moment's (Question Data) **Immediate reaction in crisis** construct, there is an emotional response but it is only described in the Crisis Moment Question Data, when prompted by the question: 'Did you ever see the fraudster in a moment of crisis?' The emotions are listed as: *guilt, unusual seriousness, fright and being worried*. The omission in the retelling of their stories seems to suggest that the narration was given only from their point of view, not the fraudster's. But when asked a specific question about a crisis moment, almost all of the fraudster recipients were able to report seeing it.

Goffman (1967) described five components to character: courage, gameness, integrity, gallantry and composure. The most enduring reaction to the fraudster recipients in the study appears to be fear, the complete opposite of courage. It cannot be claimed that fear was seen in every fraudster, but there seems to be an element of it in everyone's response. Fear, in Goffman's terms was evidence of a weak character: "Evidence of incapacity to behave effectively and correctly under stress of fatefulness is a sign of weak character" (1974, p. 217). The fraudsters showed their lack of capacity to behave effectively by allowing recipients see through their impression management, a moment of negative emotion. Even the bland response was viewed out of context to the emotion laden inquiry of the missing \$4 million by the fraudster's manager.

Whereas Goffman goes on to remind us that only a strong character can maintain full self-control, as audiences do not tolerate any discomposure. Linked with fear is anxiety and worry. One executive who used Mediocre Executive impression management was reported as:

An anxiety to achieve something in a set time and the anxiety of "How am I going to do this? I only have this much time left to achieve it and then my opportunity will go."

There was only one reference to an executive who used Respectful Executive impression management being worried, but it was an outside of the workplace issue, albeit an important one, a broken marriage:

I think he still was worried about how it was affecting the other party. I think he really

did care especially about his kids and how this was affecting them and everything. He was not doubting what he was doing... it all worked out fine.

One aspect that is interesting is that two executives who used Respectful impression management were reportedly a little withdrawn when under stress and not taking their feelings out on others in the workplace.

...he often seems quiet, under stress, his workload is quite high...

Which is opposite to an executive who used The Tyrant impression management who used negative emotions in the workplace when she was stressed:

So she put herself in the line of fire in some ways, and then she would get very uptight and you'd see her friend going over and they'd be whispering to each other and annoyed looks on their faces so you knew what was going on, they were having a go [at the manager].

The most highly stressful event for the fraudster is discovery and there were definite signs of fear in some according to the recipients. There was further support from the triangulated evidence from the fraud investigators, as they reported having witnessed a flash of fear in many a confrontation. As the investigators pointed out, by the time that they are called in, the confrontation, the fateful moment as Goffman refers to it, has usually passed. Nevertheless, it was described that they have seen the glint of fear in even very well rehearsed and experienced fraudsters' faces when the investigators finally disclose their evidence and the perpetrators realise for the first time that they have no hope of avoiding the consequences.

Theme 7: Unravelling the Disguise, Their Stories

There are four constructs to the Unravelling the Disguise concept: **Solving the fraud**, **Trying to carry on as before**, **Starting to see the true character** and **Negative outcomes for organisation and staff**. This is mapped out in Figure 19 below.

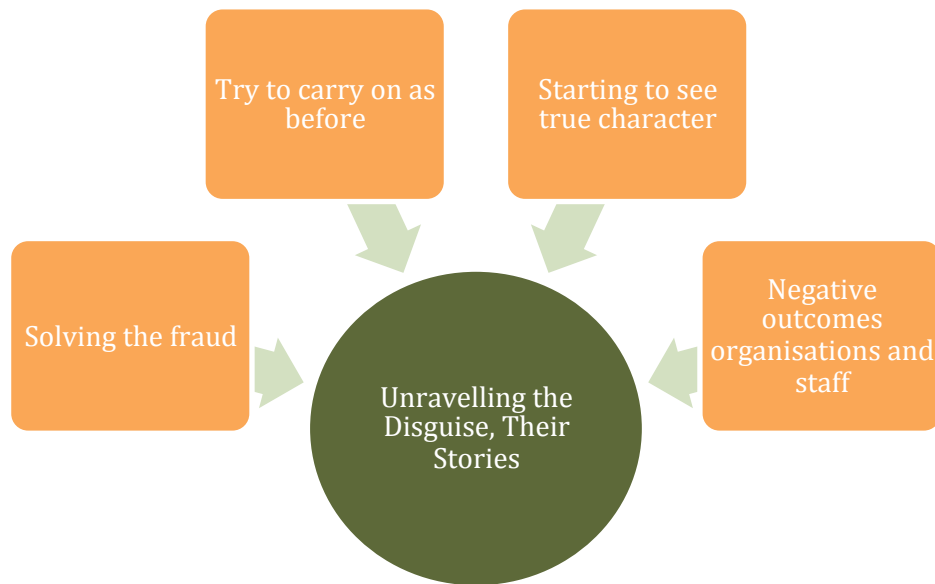


Figure 19. Unravelling the Disguise, Their Stories

Solving the fraud

In the construct of **Solving the fraud** there is evidence of how the *complex* evidence started to stack up against the fraudster. It started easily:

Well by then I was playing around on my laptop and because of who he was and how he was just really anal.

Progressing to *finding discrepancies*:

This stuff stood out something terrible. So I had all the payroll reports and I was going through payroll reports. There's the payroll and if there was thirty grand why is there fifty coming out of the bank? A variance of twenty. Go and do the search with the bank and there's the twenty thousand dollars that was transferred that should not have. It was not rocket science and that's why the major fraud squad let me go with it because it wasn't hard there was nothing real technical about it, it was just things weren't balancing.

His work helped the *Police*:

They [Police] weren't interested to start with though which upset the boss - but as it grew so did their interest, once you start talking a million.

As considerable charges were able to be laid:

It took a lot of work to make them link up because I knew that I had to have this document to show whoever that account, this payroll... So every transaction, there must have been 3-400 charges.

And as one satisfied owner said about their *investigation*:

We tracked down every transaction that he perpetrated against us. Every single one.

Despite *stealing for his brother's house* and other devious practices:

...and he was stealing stuff through the company for that house, that's what [The accountant] discovered. That's what we first pinned his arse to and he said: "Oh I was gonna to sort that out with you." Well it's been several months and there's steel and this and that, things that you could buy through this business and hide.

Try to carry on as before

The fraudsters try to continue with their disguising. This is shown in their *hiding* activity.

This reference contains details of a recipient discussing destruction of evidence:

I got onto the computer and it was gone, he'd deleted it and with accounting you can't just delete anything, you have to reverse it or do something to leave an audit trail. Well this was gone. They had set the security on the system so low that he could actually get in and do all that and I found a lot of stuff missing compared to my laptop you know because I could compare what I had backed up the night before.

And another recipient talked about *stopping a fraud transaction* in time:

Fortunately we were able to stop that and nothing got processed. If he'd...if he'd actually exchanged contracts and been committed to the house there would have been another problem to resolve. Yeah, that didn't happen.

One fraudster *promised to pay money back* to drag out court proceedings:

There was confrontation and he offered to pay money back. Promises. Promise that. Just to prolong, prolong.

There were *concerns* after the fraudster was released. One recipient remarked that the fraudster continued his activities after being imprisoned:

*Researcher: He is an interesting case from my point of view, because he is now making a career out of it.
Exactly right! That's right, he gets away with it and is still working in a business.*

From the recipient's point of view the fraudster was *not rehabilitated*:

He spent an awful lot of that [the proceeds]. I would suggest he's probably got something in the order of half a million dollars stuck in the bank account in cash. That's my belief. I can't substantiate or prove that. He's out of jail now so we'll be keeping an eye on him. Some time in the near future I'll have him followed to make sure he hasn't got a job [indistinct] No-one deserves that and he's not rehabilitated.

Starting to see true character

The category of *starting to see the true character* has several references. Recipients discussed observations of arrogance and the 'true self' being revealed:

*He was an arrogant... person.
Once the mask was off, his true self came out.*

This recipient noted that a fraudster was *under pressure* from the mask being revealed:

He was under a lot of pressure in a number of different ways. It's a wonder he didn't neck himself.

Negative outcomes for the organisation and staff

Negative outcomes for the organisation and staff were varied. Such negative outcomes included a report to the law institute:

*Researcher: She lied to you [at discovery]
Yeah, absolutely. Yeah, yeah. Straight away.
Researcher: But at the time you didn't know it was a lie.
No, no, absolutely and I thought [phew! noise] Because I was thinking then "Oh God!" you know, "It will be on the law institute, there will be audits, and rah rah rah, and all the rest of it..."*

And finally, *went downhill*:

So that was it. It all went downhill from then.

This remark finalises the Unravelling the Disguising theme that was offered in Their Stories data, however there is much more information in the Question Data.

Question Data

There were comparatively more data from this part of the interview. The concept is generated from the constructs of **Investigation**, **Continued fraudster activities**, **True character comes out** and **Staff and organisation affected**. This is seen quite clearly in the map of the theme in Figure 20.

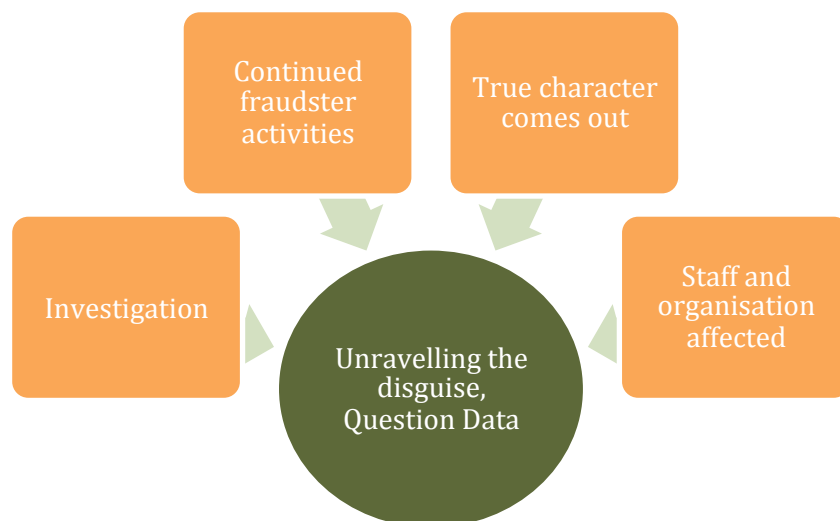


Figure 20. Unravelling the Disguise, Question Data

Investigation

The **Investigation** construct describes the experience with the fraudster's investigation. Some recipients were amazed that the fraudster continued criminal ways after he or she was fired for stealing. For example, one recipient discussed a case where the fraudster continued his activities in another business in *defrauded others*:

And after he left here he went and worked for another business, after he was sacked from here, and the fraud was discovered between it being discovered and him being prosecuted, he worked for another business and he ripped them off as well through the payroll AND he told them the house was his.

One fraudster did not contain his stealing from the one business:

And other statutory authorities made inquiries with the police, after he was incarcerated, as to their own investigations into other fraudulent activities. But once they were aware that he was sentenced 5 and half years, I was led to believe that they didn't pursue their investigations.

Fear of running away came up again:

We arranged for Sunday afternoon and I just said "Well gee, what do I do here? I have to ring this guy up, is he going to come in, or is he going to take off or what's he going to respond? I don't really want to tell him a lot over the phone. And he may not come back in.

Others cited the complexity in a *very clever fraud*:

He was adjusting the balances so the bank wouldn't pick up on it. I don't know how he did it because the system that was in place you just couldn't do anything without something flashing. Changing account balances I don't know how he did that. Very smart obviously in what he'd done and the way he did it.

The process of an investigation was seen as arduous, *with outside agency and police involvement*:

Police weren't informed by us. The ASIC people were informed on the Monday morning, after we had responded back. They work with the police automatically. We were told..."Don't you worry we have got them involved." ...a number of other directors were wheeled into the ASIC offices over the month and on the Tuesday to make statements. And the other directors who were at the meeting... they needed to make statements as well. Yeah, it was a bit full on for a week of so.

Continued fraudster activities

The fraudsters continued their disguised activities despite being charged and with mounting evidence against them. This construct covers the fraudster's activities and it includes being *nice to the Police, hiding, illegal access to emails, involving a brother, lying, and still trying to control others*.

One fraudster was using his impression management even with being *nice to Police*:

With the Police, he would report when they ring him, he would come in. He would answer their questions. "I don't know why they are saying this about me. I haven't done anything wrong." Even when the evidence was stacking up: " Oh I am not sure, you know" ... He even tried to say that I knew a bit about [the fraud].

Hiding stolen cash with buying property and other assets was what one fraudster did with his ill gotten gains:

Driving the BMW around, he had a motor bike, and a boat and he was flying to New Zealand to buy properties, he was sponsoring kids, the students to the Graduate School of Business. He was negotiating to buy and bloody sold it even though we had an injunction on it, property in Tasmania. He was in negotiation to buy the property next door.

Even the laziest of the fraudsters *cleared records*:

But by and large, he cleared all trails or traces of records, incoming and outgoing. That was very very clear. So he, to some degree, must have felt there was a good reason not to keep a trail. Whether to disclose he wasn't very productive and not doing very much. Or whether it was because the sorts of conversations he didn't want anyone else to discover.

Wedding gifts were one excuse for money suddenly appearing:

*Wedding gifts. This is the sort of s*** that you're up against when you're trying to get your money back.*

Housing was made secure by being put in other's names:

He actually had time off here and told us all that he was having three weeks off to assist his uncle in laying the bricks. That's good and he always talked about this house he was building. And then when all this comes up, it is not his house at all, it's his brother's house.

One of the aspects of *trying to still control things* after the fraud was discovered was illegal access to emails:

One of the other things he looked after here was our computers and the server and things like that, because he could, but when we kicked him out he had his computer organised such that he could access it from home and he could access the server, so he'd worked out that he could manipulate the IT people so that I need access to this, but not so that he could information, but so that he could keep an eye on people.

Lying was a sub-category:

And when we found more, I spoke to him later and I said [to the fraudster], "We can sort this out without going to the police but what's the extent of this?" and he lied again. He kept denying the extent, he'd admit to what was there, what he knew we knew. He never tried to argue that's not true, I didn't do that, he knew was gone, he knew he couldn't argue.

The *lying* extended to excuses for fraud:

And of course at her trial, her plea at her trial she effectively trying to say "Well, I was just left by myself, and I wasn't paid very much and the employer never supported me or helped me, so you know...Really, she tried to justify, and quite untruthfully, again typically you know, she instructed the... gave her instructions to her legal team as it were, which were patently untrue.

In *control* one fraudster did not see it as wrong:

...That's the part that's hard to get your head around. That the guy... that someone could be so naive to think that that's not wrong to do with your employer's funds.

One recipient discussed the fraudster's use of his *family as an excuse* for his actions:

... He reckoned his old man belittled him and made him inferior. Just a massive pack of lies as far as I am concerned.

The effects on the *fraudster's family* that one recipient talked about, were far reaching:

It got nasty quick... cause his dad was quite helpful for a bit because too, understandably he was hard working man who put his son through school and [the fraudster] was supposed to be the shining star because he was the university educated one...I and he prided himself in that and that's where the father wanted to pay it back. And he was being really helpful for a while there and then when it got overwhelming and he sort of realised that he would lose all the family's ...and that's when he got nasty and "I'm not talking to you anymore and not dealing with you anymore either." I suppose it's his child, the mother was devastated, losing her son for fraud.

Another recipient talked about a *distraught wife*:

And his wife was absolutely hysterical... So I had 15 people surround his house at 6 o'clock in the morning, burst in through the doors. Babies crying... mess in the house... husband dragged off... IT people there, looking at laptops, downloading things, confiscating books, boxes, files... her things

True character revealed

In the process of the fraudsters' impression management unravelling the **True character is revealed**. There are three areas to this construct *anger protest*, *façade down* and *showed no remorse*. In *anger protest* there is an interesting statement from a fraudster who defrauded the company for four years:

...and the last time I saw him outside of the court appearances, which was on his territory, which he would not have expected. He would have been in no uncertain terms. He understood the state of play. And he was very uncomfortable. Lost it. And tried to enunciate that he had rights, and he couldn't be treated like this. But... that was corrected very quickly.

This recipient saw the *façade down*:

I saw it afterwards, once the facade was down. And it was me and him. Him and I. It was obvious then.

The other category was *showed no remorse*:

Yeah he certainly did. So much so that the judge suggested that he showed no remorse. He was still was trying to put, to portray out there that what he did was in the interest of the company. Yes there's all these other things, but [the fraudster] acted... ultimately... this was the best fantastic opportunity for this company.

Staff and organisation affected

The frauds touched and changed the fraudsters' recipients in a number of ways. In this construct there are categories of being *considered as an accomplice*, the *effects on owner managers*, the *disbelief* over what had happened, *fear of the fraudster* and *found it really hard and left*, with *not affected long term* as the only offsetting reference about the effect of the fraud on an organisation.

Being *considered as an accomplice* was not a cheerful experience as reported by one recipient:

Yeah, so because we were a teller it looked like we were actually doing the transactions for a customer.

Researcher: So that's why you got investigated?

Yes. Even though he did tell them they had nothing to do with it, "I used their smart cards", but they still had to do it, because it was our security log on that had made all the transactions.

One fraudster's actions caused one person in an outside organisation to *lose a position*:

The last we heard was that he was moved up to a bank [in the state]. But... I don't know. He would've... he must have copped it from the bank. I don't know... I would not have thought that you would lose your job over that and... That was the largest single fraud that bank had actually had, at that time.

There were *effects that were restricted to owner managers*. There were ramifications for all in one company, which is described in one recipient's discussion of the *craziness afterwards*:

Yeah well there was another whole side issue of another manager who had been sort of getting all the staff- all the boys out on the workshop floor, and trying to get a bit of a group together and then they all jumped ship together to another company and that made [a Director] really angry cause he was already angry. He drove the ute through the front of the workshop where these guys all went. Apparently [a crime figure's] niece was sitting behind the reception area that he drove his ute into. Yeah, so there was a bit of craziness afterwards...

One owner manager understood the *Arrogance* aspect of his fraudster very well:

You can't imagine if you display those characteristics in the prison population you wouldn't last very long. They don't like people who think that they are superior in there. Particularly loners. And if he would ever try to take advantage of the less educated members of the prison population... They are not too sophisticated in their thinking of... in their tradition.

But he's cunning, he's a survivor.

One business owner described that he had a few *tough years*:

Well after he left, we actually had a few tough years but we've changed a few things around here, and things have been a bit better. It's not a high profit business for the amount of effort and turnover that goes into it. [Indistinct]... It's not huge. It's a competitive market and contracting is a hard game. You are backing yourself on every job. You quote it, you do it.

In contrast, some co-workers were *not affected long term*:

And everyone else here don't have any time for him -even now. He's just a person, but we really don't wanna... Not interested, just not interested and all that. Its not affected them or anything.

Disbelief was the immediate reaction of those around one fraudster:

Well, what do you do...? They couldn't believe it you know.

Another fraudster had a friend who went into *shock*:

But for her, I think it was a huge shock to keep this and that. She couldn't believe it...Yeah.. Well, her relationship was different from anyone else here, and she interacted with the guy in her private life in the church and their youth activities and so on. And [the fraudster] was all part of that, apart from work.

Due to the investigation *fear of the fraudster* developed. One recipient found that she didn't want to provoke the fraudster:

Researcher: Were you ever in Court actually giving evidence and he was in the dock?

No I never saw him next, I only went to the Civil case ...I didn't want to get tied up with the criminal side because I had done everything there and I thought I'm not going to provoke him and do things to provoke, so I stayed away from that and left the directors and their wives to be hurling abuse at him. I didn't want to be a part of it but I did go to all the Civil hearings and he was never there.

Fortunately for one recipient who was afraid of repercussions from the evidence that he prepared, has *never heard from the fraudster*:

and it seems that I've never even heard from him, he's read all the affidavits, everything that I did, never heard anything from him so I've just got to keep rolling with that. Oh well.

In the end one recipient *found it really hard and left* her employment:

This whole fraud thing didn't sit well with [the boss]. He found it really hard. That was part of the reason why I left - the emotions you know

Another employee *never got over the fraud* and also left her job:

So she left us in... the following year. Um... I don't know, I think she... she never really got over the issue,

Comparison of Their Stories and Question Data for Unravelling the Disguise

Again there was more support from the Question Data for the categories and constructs that emerged in the Their Stories data for this theme of **Unravelling the Fraudsters' Disguise**. There is a similarity with respect to **Solving the investigation** and the **Investigation** construct in the Question Data. Both sets of data provided evidence of the fraudster's continuing executive impression management type, The Arrogant Fraudster that is. But gradually this falls apart upon mounting evidence and pressure from the authorities and the

owner managers themselves. There is a revelation of the fraudsters' 'true character' in both concepts which confirms Goffman's theory about 'fateful moments'. There are negative effects on the organisation and staff, which again is flushed out further in the Question Data. Overall the Question Data were more plentiful, but did not deviate from the theme as developed in Their Stories data, in fact it emerged more fully, after the questions were asked.

This almost completes the section on the fraudsters' impression management, the development of the fraudster's impression management type, what happened in Goffman's fateful moments, and how the disguise fell apart after the discovery of the fraud. What remains now is to present the effect of the fraudster's impression management on recipients in the remaining part of this section.

Alerting Process of the organisation

As much as the alerting process to a fraudster that the net is closing in is protracted, the alerting process to business owners is similarly lengthy, sometimes taking years. The alerting process is slow as perhaps the Disguised Inconsistent impression management from the fraudsters is particularly convincing in a high trust environment. With two fraudsters, there was no forewarning process. Of these two, in one case, subordinates picked up that something was wrong, but because of the strong trust relationship, fraud was never considered. This implies that the impression management process was strongly intact with that executive and his staff. The other case was exposed by a telephone call out of the blue. The person who was the suspect immediately admitted to the fraud. The other fraudsters who also engaged in a long deception over many years, had some overt signs that something was amiss which were not picked up by the recipients.

These were in three sequential stages. Initial awareness that something was wrong; the second stage is an obvious sign that something was definitely wrong and then finally, despite management not wanting to believe that anything is wrong, a forensic analysis is made of the ledger entries that the fraudster has made, which forces them to accept that a fraud has indeed taken place.

Initial awareness

There are little signs of things being amiss, but not enough to come to any firm conclusion. A sick CEO wanted someone to keep an eye on the fraudster-to-be, who was to take over his position in an acting capacity, so there must have been some ground for suspicion on his

part. This intensified later on, with a subordinate given signatory powers. Another situation involved the CEO's awareness of sloppiness on the part of the company accountant, with bills being unpaid, superannuation funds not transferred etc., and subordinate staff were put in to assist. Another initial warning came via the CEO and fellow Directors' concern with low levels of profitability, despite some very lucrative contracts. All upline managers had no suspicion of fraud in this stage. In fact they came up with excuses for the odd behaviour.

Second Stage

The alarms intensify when external agencies issue warnings to the organisation. In two cases it was the Australian Securities and Investment Commission and the Australian Taxation Office. In another case, the accountant continually delayed producing a project profit and loss report, but it still took many months for the CEO to call in an auditor. Again, upline management were totally oblivious that a fraud could have taken place. It was not on their horizon at all. Explanations included that the institutions must have their information incorrect, or there had been a misunderstanding, and the delayed project report was just seen as unnecessary obtuseness on the part of the accountant.

Third stage

A forensic analysis of the fraudsters' transactions finally took place. This was done reluctantly, as likely as not it was thought there was nothing to be found. It costs the organisation time, effort and money to undertake this venture and it may take several weeks to uncover the transactions of a complex fraud. Organisations use external sources, but in one case the new CEO was a Chartered Accountant and able to conduct himself. When presented with the results, upline management were totally surprised at what had happened. Shock and initial disbelief that a fraud had been perpetrated were later dispelled when the perpetrators were confronted and made an admission of guilt.

Theme 8: The Effect of the fraudster's impression management on Recipients, Their Stories

These data show the effect of the fraudster's use of Disguised, Inconsistent, Malevolent (both Superior and Inferior forms) impression management on co-workers. Feelings and thoughts of the recipients altered considerably after the years of working with the fraudsters, most notably disengaging from using or relying on trust. Figure 21 maps out the various constructs that the recipients' data produced.

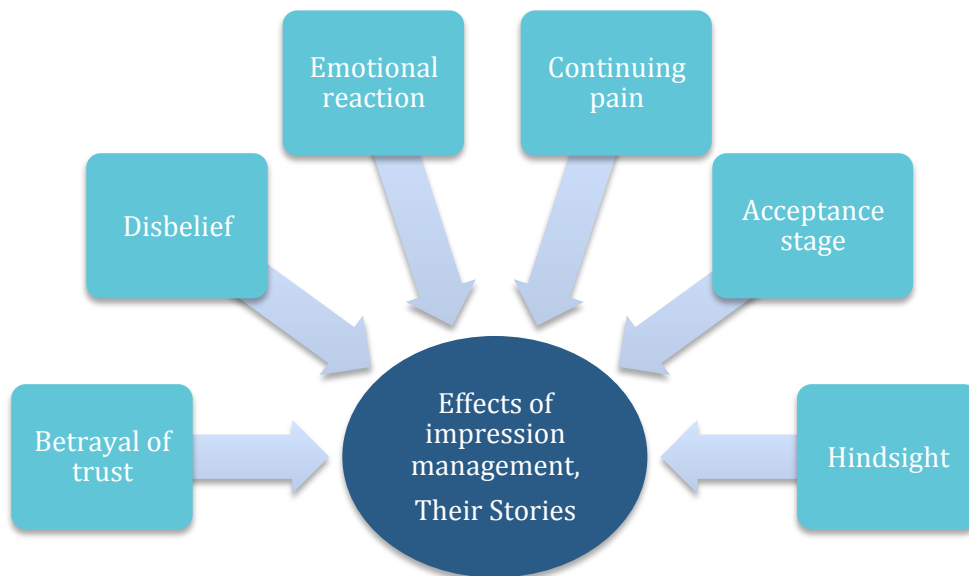


Figure 21. Effect of Fraudster Executive Impression Management, Their Stories

The constructs of the effect of this type of impression management are six-fold and include the following: **Betrayal of trust**, **Disbelief**, **Emotional reaction**, **Continuing pain**, eventually reaching the **Acceptance stage** and **Hindsight**.

Betrayal of trust

There was a sense of **Betrayal of trust**, with *betrayal; views of acts vs criminal acts*, and *wanted money back*.

Two recipients mentioned that they didn't want to *not like the fraudster* at the very beginning.

Researcher: When you first met him, did you like him?
Yeah, I wouldn't have not liked him. ...

Which leads to *wanted money back*. Overall, there was an expressed disappointment with the Police and Courts that the company owners did not get their money back. For example:

...the law is not very helpful in dealing with fraudsters and at the end of the day the DPP is only interested in prosecuting these people and sending them to jail. They don't care, you don't get your money back through this [indistinct] and that's bloody hard.

This particular business owner went on to say that there was *no compensation* from the Courts:

... [The Courts] should have said these people need to be compensated and assisted with this that and that. But nothing was forthcoming, we probably could have claimed and gone chasing it but you've had enough.

One fraudster was noted for his *delaying tactics*:

He managed that... he went through 12 appearances through court, always got the matter adjourned. It went on for another 18 months.

Some resorted to *civil action* to get their money:

Yeah and then when that was the criminal side of it and then when they went civil and sued him for it they got the interest component and all the rest of it that it hit around \$1.2 million or something like that, so yeah but whether they're going to see it or not, highly unlikely.

Disbelief

This construct was composed of *hard to believe*; *unaware of fraud*, and *no idea of fraud*.

In a separate strand relating to *shock*, a recipient explained the way some company owners took the evidence:

*Researcher: So you really weren't believed at the beginning?
No, they didn't want to.*

*Researcher: So when did they start to believe you then?
They kind of did but they didn't [have the] understanding what I was showing them. It was quite complicated what he'd done...and the shock of it all and to think that that was only \$29,000. To think where it all got to! [over a million dollars]*

One recipient explains that the owners *wanted it not to be true*:

So they must have really wanted it not to be true, or wanted to think that if they did the right thing, he would be okay he would do the right thing back.

Emotional reaction

There was a strong **Emotional reaction** recorded as a construct with *shock*, *anger*, *disappointment* and *revengeful*.

Anger:

...well, hurt egos, and not how to express it, it did fester, and they were quite angry. They were angry men. So it wasn't funny, and telling them wasn't fun either.

Disgust, pain and disappointment were also mentioned:

Its kind of disgusts me, like you know. You've been in this position, you had the authority, now you come and tell me the story of how great you are. I am not interested in your story. Keep it for yourself, it's disgusting kind of in the way I don't buy it from you.

Pain here is used in a more subtle form:

It's a pain alright.

And *disappointment*:

But there wasn't anything else, we never found anything else. Well, it was a bit disappointing.

Another category was *revengeful*, a recipient explained when he doxxed the fraudster in to the professional association that the fraudster was a member of:

He wasn't a full member...and the guy seemed a little disinterested and I thought: "God I hope they really flag something in their system." He said: "Oh yeah, I'll follow up on it." and I said: "He's going to Court today." You know I was really adamant that I never ever wanted him to be able to ever have that. That was my little stick it to him [indistinct] his qualification. So I hope they followed it up and I hope that, but I suppose anyone can lie and get jobs and all that...

There is also a reference to the action *becoming personal*:

*That all the way. All the way. To a supreme court hearing and back. As well as the criminal action.
It became personal between both of us.*

Being *revengeful* was a way one recipient made himself feel better:

Believe me, the nights where I've dreamt about you know, the sort of things I'd like to do to him. Just sheer and pure revenge for no other reason but to make myself feel better about the whole thing.

Continuing pain

In another construct of **Continuing pain**, one owner manager discussed his experience of ongoing *financial loss*:

To us and our families, it's a massive loss. I mean that sort of profit would have gone through the business, been distributed as dividends would have allowed us to invest earlier in properties you know what I mean and enjoy some of the benefits of the boom that we've seen in the last five or six years. That was taken away from us.

In another form of ongoing *loss*, one recipient explained his *anger*:

Yes. Anger. He was responsible for what he did, and he got punished for what he did. But I don't feel sorry, as in poor guy. No I think he knew what he was doing and I don't, yeah, maybe it's a bit mean [of me.]

Another recipient explained that it still *drives me insane*:

You get to the point where you've had enough and you gotta say no I'm just going to cut it and run. If you don't you just keep carrying that baggage around and it doesn't

do you any good. For two years and sometimes even now and if I'm out drinking and I drink too much, it is not nice. It just all comes out and you get started and just can't stop. It drives me insane. It almost prevents you from having a good time.

He went on to explain that he became a *workaholic*:

...You know and that's something that actually hurts when you look at the heartache [of the fraud] and it is just extremely hard work mentally, absolutely draining on you and it does it pulls down you cannot sustain it. I am so aware of it now I keep an eye on my blokes, I try and "Hey this is not sustainable. You can do it for a short period but you can't keep it up. It will affect your life."

And how it is *very hard to forget*:

Yep. It is as true as I sit here, that's exactly how it is, it is dreadful, to go through it is, it etches scars in you like you wouldn't believe, it really does, it really, it really leaves it's mark and it's very hard to shove it down and when you start talking to people about it, it all comes back, it does and it is very difficult to deal with.

Acceptance stage

Some of the recipients discussed matters that have been grouped into the construct of an **Acceptance stage**:

One owner *avoided bankruptcy* and tried to retain a positive approach:

The fact that over a period 3 years from the fraud, we have repaid the million dollars he stole. You see the money that he stole wasn't profit. It was money that he stole from statutories [authorities]... But I didn't [go bankrupt], we persevered...

Another owner took a *chin up* approach:

If you can draw comfort from that that's sometimes the only thing that helps you. You keep your chin up and move on. Because you do.

In a different category of *being in control* a business owner recipient said:

Fortunately I was able to control, to a large degree, the way in which the matter unfolded. Because at times you can get quite emotional about it. And if you are not careful you can lose control.

Finally, the last category to be reviewed is *we all make mistakes*:

I kick my self now, but we all make mistakes...

Hindsight

The recipients talked about **Hindsight**, which formed the last category. One recipient got nearly as upset with what *people said after the event*:

The only thing that you know, a lot of [laugh] a lot of the people, of women said later: "She never wore the same outfit twice, you know".

"Did you notice the jewellery?"

"Ahh... yes that's right," I said,

[they said:] "They're the things that I immediately noticed, you know."

"Her outfits", and

"Her hair was always.." you know

"She always had...".
 Again this was, subsequently, saying:
 "Ohh yes, well. We always wondered how she managed to do this and how she managed to do that..."
 Without, you know, knowing anything about it.

For one recipient hindsight was with *things that click after discovery*:

Researcher: You mentioned earlier on that there were things that clicked after you knew, what were they?
 Well just little things like the way he I guess he became withdrawn ...Just little remarks like with Melbourne Cup

Question Data

The Question Data proved to be an interesting source of commentary. But first the overall concept will be reviewed with its **Emotional reaction**, **Try to get the defrauded money back**, **Didn't like fraudster** and **Liked fraudster** as constructs, see Figure 22 below for the outline map.

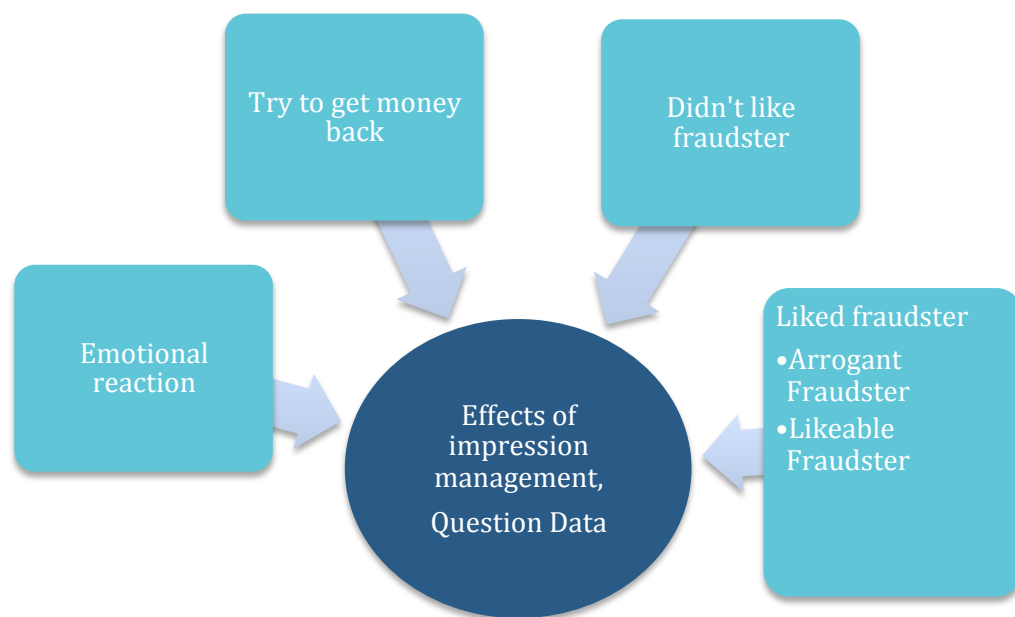


Figure 22. The Effects of Fraudster Impression Management, Question Data

Emotional Reaction

Many participants mentioned an emotional reaction and data categories in this construct reflect participants' discussion of being *angry*, *flabbergasted*, *frightened*, *revenge* and *upset*.

One recipient talks about co-workers having an *emotional reaction*:

They couldn't believe it either, they were stunned. We spent a while there talking about that. Then a lot of time talking about the \$4M transaction because they were starting to wonder "Who else signed this thing?" And there was a lot of panic about it you know. "Who else signed it? How did it happen?"

He went on to explain in the reference on *anger*:

Researcher: What was your emotion?

Oh, we got pretty angry with him, I suppose. And the guy who is the barrister can be a pretty arrogant sort of personality [laugh] at the best of times. He even controlled himself, but could have exploded. But realised probably. What's the point?

Being *flabbergasted* is a good word to describe people's shock at the discovery of the fraud:

He was just flabbergasted like the rest of us, he didn't know either, he didn't pick it, he was just the same as us.

Sheer disbelief was another term used describe initial reactions:

But with the guys it was more disbelief or try to rationalise "How could this have happened?" And "Have I got it wrong."

And:

So that would give you the same impression, that people well and truly trusted the guy. It was just the sort of ideal citizen; you would think that couldn't possibly be into something like that.

One recipient talked about the *horror of knowing*:

And then the horror of knowing... I can only imagine that they would have thought in those few seconds of, when I told them "I think that [the fraudster] has stolen from you" that they would have all thought of the cheques that they signed, and the fact that he could log onto their banking and send money wherever he wants. It really was all flashed [through their minds], They were revisiting that and saying this and that "Too much. Not dealing with that."

Another recipient admitted *surprise*:

*Researcher: Were you surprised when you found that out? [this recipient found it difficult to get to his feelings, hence the leading question]
Yeah. Probably, after all the times he had been there.*

Being *frightened of payback* was mentioned by a recipient:

I was frightened for a little while after it all happened because he did make out that he was Mr. Mafia and this and that but he never once threatened me and he knew it was all my doing. He knew that and yeah. A few of the guys that I worked with there sort of said to me you know, they always made sure that I was okay.

Others spoke in terms of *war* and *karma*:

It became a war

And:

Yeah maybe, karma I believe in it, that's why I said to the boss and all the rest of them.

Naturally, several recipients said they were *upset*:

...I was upset, I remember sitting there doing it initially and I was just shaking and sick, I felt sick, really sick... You know, so I remember feeling sick, not because I couldn't believe it was him or I was ever emotional about him but I thought you know for the owners, and those guys it was really going to hurt them and it did and it was me that got to do it.

Trying to get money back

Some data categories were grouped together in a construct that reflected participants' attempts to **Try to get money back**. One recipient explained that he *never got to find how much was taken*:

...he knew we weren't that stupid, but he never admitted to the full extent, so even until today we don't know because he's only ever admitted to what we've put in front of him.

A similar situation emerged for another business owner who retains a *right to pursue* the fraudster over debt but is reluctant to do so:

An interesting thing about bankruptcy, whilst it releases you from all your obligations, it does not release you from any money that you fraudulently gained. So he will always owe me that money with compounding interest. Yeah well, I'm not going to. It's over. Its finished. Unless he crosses my path again, and he will only do that because he wants to. I will not pursue him.

Using the law was equally frustrating to getting the money back:

...that's how the law works, but [the defrauded monies] have been taken out of those bank accounts they've been closed and now we can't prove where it is. So this is what happens when you get to the law court, all of a sudden the law doesn't quite see it as a clear cut case...

Despite every attempt, none of the owner managers got their money back.

Didn't like the fraudster

Liking and not liking the fraudster before the discovery of the fraud seems to make a difference in reaction and impact of the fraudster impression management on recipients. All of the recipients gave indications whether they liked the fraudster or not in earlier references recorded. In the construct, **Didn't like fraudster** there are several references by recipients about their fraudster executive. These data emerged only from categories comprised of Question Data.

In **Didn't like fraudster**, there was one recipient who had made her mind up about the fraudster because of his show-off behaviour (as sometimes used in Arrogant Fraudster impression management see earlier section), as she explained:

Yeah. In the beginning I was helpful and trying to understand him and all that but then I thought then, ahh you know...I didn't like this showing off thing, and this and that kind of start of making my own opinion

Later, the recipient went on to say, *it all came together*:

And then when the whole thing, when I received the phone call, I thought I know what happened. And it all came together, and I thought Oh yes... I wasn't that surprised he did it.

Another recipient thought the whole process was *futile* on his part:

It doesn't worry me, it did for a little while, but what does he achieve? He's already gone to jail. It's not going to achieve anything and if he's still got that money stashed, he's done his time and made more money than most of us would in a few years.

Liked the fraudster

For those recipients who demonstrated an initial liking to the fraudster there were differences in their reactions to the fraudster after the discovery. Essentially they too felt a range of emotions. However, there was a difference in emotion depending on what type of executive fraudster impression management was 'given off' to the recipient.

The Arrogant Fraudster recipient effects

If the fraudster used the Arrogant type of impression management, recipients spoke in terms of anger at the fraudster, anger at themselves and discussed the extent to which the experience did not make sense and their longer term thoughts on the experiences. Many references indicate the recipients' *anger* towards the fraudster.

...and ruin your family life and your kids, you know, Very... Hurt man feelings... being a loser is horrible and you sulk and your man ego hurts. And that's exactly what they were like, they were so damaged and it wasn't the money entirely, it was more the egos that they got taken for a ride. They were really angry.

And recipient described how his *self-esteem* plummeted:

... I have always kind of been very confident, and I say you can't do appearance work in court and not have that element about you. So that was never a problem. But at that point the self-esteem took bit of a beating.

Others felt that the *experience doesn't make sense*:

Why did he lie and tell everybody that the house was his? It stinks...The house has been under construction for three or four years, it's still not finished because the money has dried up... Why did he lie about that as well? Not only was he stealing things for his brother's house, cash for himself, laundered through the casino, but he was happy to sit there. How many other things did he lie to us about?

One recipient volunteered a *crie de coeur* that he had no idea that people like this existed:

I just didn't see it. You see, I had no idea in the world that people like this existed. No experience at all. I'm very careful now of course, but um, yeah.

In *getting over it*, another category, there is a *midlife crisis* which one owner suffered from, during the fraud.

I went through a bit of a marriage problem when I didn't really know what way was up and down in life, midlife crisis whatever you like to call it but its a period where you ask all sorts of questions of yourself and where you are in life. What life's all about and I guess during that period I would say that my self esteem wasn't really high.

Trusted believed gullible is a single coded category:

I believed everything he said. Maybe I'm just gullible.

In summary of this construct, most of the references indicate an emotional attachment to the fraudster that turned negative when the fraud was discovered. This will be brought up later for discussion.

The Likeable Fraudster recipient effects

Reactions from recipients who received Likeable Fraudster executive impression management differed from those who worked with impression management from an Arrogant Fraudster. One recipient framed her anger within the trust that was abused:

I guess I felt a bit angry at him because I trusted him and he took advantage of that trust you know because he used my smart card.

Anger was directed away from the fraudster who she liked, towards her employing organisation:

I think the way the Bank handled it with us was disgusting. They turned up before we all started work and told us...

She felt that the employer had been *cruel*:

Obviously the person [the friend of the fraudster] had the note and she hadn't said anything to us. When she walked in she seemed fine, but maybe she got told not to say anything to us. But I thought it was really cruel of them to expect us to work that day after telling us. [indistinct] We were all quite upset that this had happened and they expected us to work the day. You know, I just think that maybe they should have waited until the end of the day.

Having to act as normal, despite their surprise with the recipient was extremely difficult:

*And at first I went "What??? How much?"
We just couldn't believe it. We were gobsmacked... We had to open the doors, because they came and said it right before we had to open the doors. It was like ten minutes before opening the doors so we were just like... one of the girls just had to go upstairs because she was so upset and we were just looking at each other going: What? And like customers walking in "How are you today?"
"Oh yeah great."
Yeah you just didn't know what to do. We just thought that was really... like it wasn't very good of the [upline management]. They should have thought about it. Because we were all visibly upset.*

They organised their own *informal debriefing*:

A couple of ladies, the older ladies, they left straight away, they were very upset. But we all sat down after work... So we all had a drink for him... We all went up and had a drink and talked about it.

The recipient describes wanting to call fraudster after the discovery and *felt sorry* for him:

But if anything I just felt really really bad for him, really sorry for him. I wanted to call him and say I'm on his side.

In this case, the recipient felt that management's method of dealing with the fraud was counterproductive, resulting in *staff exiting the department*:

Yeah I don't think it was very good the way they handled it but and within the next two weeks everyone quit, [not the recipient] Yeah the whole team except for one lady she hung around for a while, but in the end she said "Nuh, can't handle it" Different people working there it just wasn't the same. Everything changed.

And finally the recipient left as *new managers were not liked*:

...all of a sudden, the team had left over the discovery and they were a bit upset so a lot of them left and there was only me left and I had all these new people start and we went through two or three bank managers...and I was just no, it was time for me to go. I didn't really get on with them.

The effect of the Likeable Fraudster appears to be profound for the co-workers, and reflected in a dissimilar fashion to the Arrogant impression management type.

Comparison of the data from Question Data and Their Stories

There are some similarities in the two data sets. Both the interview and question data demonstrate a strong emotional reaction. The Question Data were closely aligned with the emotions expressed in Their Stories data plus discussions about the frustrations of trying to retrieve funds that were defrauded from the business.

The Question Data added two constructs of either **Liking** or **Disliking** the fraudster. When recipients liked the fraudster, there appeared to be a different reaction depending on if the fraudster was an Arrogant or a Likeable type. This insight gives more detail to the understanding given in the data from Their Stories.

At this point the presentation finalises the fraudster impression management. The next section deals with the non-fraudster executives' inconsistent malevolent executives: The Tyrant and the Mediocre Executive impression management types.

Impact of the fraudster's disguised impression management on recipients

The data that formed Theme 8, regarding the impact of the Disguised Impression Management on recipients is revealing in understanding the emotional reaction that was felt by the recipients. Betrayal of trust was foremost in the retelling of their stories, as well as disbelief as to what had happened. All had no idea of the fraud, and all talked about their emotional reaction to the discovery. The emotions included being shocked, angry and

disappointed. Business owners wanted revenge but this was also seen in other staff in their small businesses. Continuing pain was mentioned, as some recipients were still feeling emotions like anger, years after the event.

Some recipients talked about trying to be positive and reaching some sort of acceptance of the calamity that had happened to them. This gave them a sense of control and it included forgiveness of themselves in the adage repeated several times “We all make mistakes”. How the recipients reacted emotionally depended on whether they had liked the fraudster or not. Disliking him meant that only shock and disappointment were felt and life carried on as usual, however, liking the fraudster had ramifications.

Arrogant Fraudster

There were two types of reactions from recipients depending on the type of impression management used. If he or she was acting as an Arrogant Fraudster there was anger at the fraudster and anger at themselves for being hoodwinked. To this group of recipients it just didn't make sense even though they said they were getting over it. This was several years after discovery. The fraudsters' superiority appears to have irritated others as noted in the after effects, as much of the reaction was against their arrogance and belief that they could get away with it.

Likeable Fraudster

This type of impression management used by fraudsters however had a very different reaction. This is possibly due to the effective benign management of their staff. Defining the cause of the fraud, such as gambling, made the perpetrator become the victim. The anger that one recipient had was very much aimed at her employer and the way that the staff were treated, being left without counselling to trade through the day and deal with customers' questions about the fraudster's absence.

Broken Trust

Recipients resigned after their exposure to both types of fraudster impression management, after discovery. They mentioned that others left too, and in once case there was a complete turnover of staff within six months. Even loyal key personnel left, so the issue of dealing appropriately is a major one for recovering after a fraud. Some business owners went into

counselling but it was felt to be largely ineffective. They demonstrated strong negative feelings in the retelling of their stories.

Subordinate recipients tended to leave if they had trusted the fraudster. If they remained, they were happy to stay, as their suspicions were confirmed in not trusting the fraudster. Upline managers (CEOs and Boards) however, stay in operation if they can, and keep the organisation going. One CEO remarked that once the fraud was found out their profits actually increased because the fraudster did not filter money out anymore. However, as the amount of money was significant for them, approximately the amount that should have been in their superannuation, they remained in a state of loss. This continued in an unresolved state of negativity for several years. Darley and Pittman (2003) reviewed the literature on the psychology of compensation and retributive justice and found an emotional link that is excited by moral transgression. Essentially the emotions of contempt, anger and disgust are the three that trigger retributive justice, which were found in the data.

While the study is looking at the Executive Impression Management process itself, there is a consciousness that existed with recipients of the Arrogant Fraudster impression management of their trust having been broken and that they felt that could never trust ever again, which Goffman predicted. We assume that the impostor's performance, in addition to the fact that it misrepresents him, will be at fault in other ways, but often his masquerade is discovered before we can detect any other difference between the false performance and the legitimate one which it simulates. Paradoxically, the more closely the impostor's performance approximates to the real thing, the more intensely we may be threatened, for competent performance by someone who proves to be an impostor may weaken in our minds the moral connection between legitimate authorization to play a part and the capacity to play it. (1959, p. 59)

The small business owners certainly felt that the fraudsters received very light punishment compared to the toll on themselves, their businesses and their staff (see Appendix H). Moreover, the very act of deception in the fraudster's impression management caused a perceived lack of trust in anyone similar.

Possibilities for rehabilitation

One of the conclusions that came out of the BDO Report on Not for Profit Fraud Survey (BDO International 2008) into not-for-profit organisation frauds, is that these organisations

tended to view the fraudsters as either ‘bad’ or ‘sad’, depending on the cause of the fraud: “Clearly there are two types of perpetrators: those who feel that are forced into committing the fraud because there are no other alternatives available... and perpetrators who offend as a form of revenge or greed...” (2008, p. 55).

This labelling process is possibly the impact of impression management disciplinary actions (Wood and Mitchell 1981). The two types identified in the BDO report appear to have characteristics similar to those executives using Arrogant Fraudster and the Likeable Fraudster impression management. The ‘sad’ cases seem to be using the Likeable Fraudster impression management. Whereas the ‘bad’ cases appear to be similar to the Arrogant Fraudster impression management type as they often stole money to enrich their lifestyle. Surprisingly, not-for-profit organisations chose to retain 20% of the fraudsters after discovery. Management decisions were reportedly made on various grounds. Showing remorse was cited as one reason for retention together with the fraud amount being minor. It was stated that 38% of the organisations recouped their losses, but that was unlikely if gambling or other addictions were the reason for the fraud. It is implied that the ‘bad’ were asked to leave or left before the management decision had to be made, but certainly the non-profit organisations retained the ‘sad’ cases where compassion and leniency were applied. This is the only account that could be found of organisational decisions regarding fraudsters’ retention of employment.

Theme 9: Effect of non-fraudster executive impression management on recipients, Their Stories

These data were collected from the first part of the interview of non-fraudster executive recipients, where they described what happened to them and how they felt working with an executive who gives off what it is now known as Tyrant executive impression management. Whereas at the time of interview, they would have assigned labels such as an ‘unfair manager’ or put it down to a ‘bad experience’. The constructs that emerged are once again time based: **Before**, **During** and **After** see Figure 23 below, with the data that are attached to the constructs are vastly different to each construct.

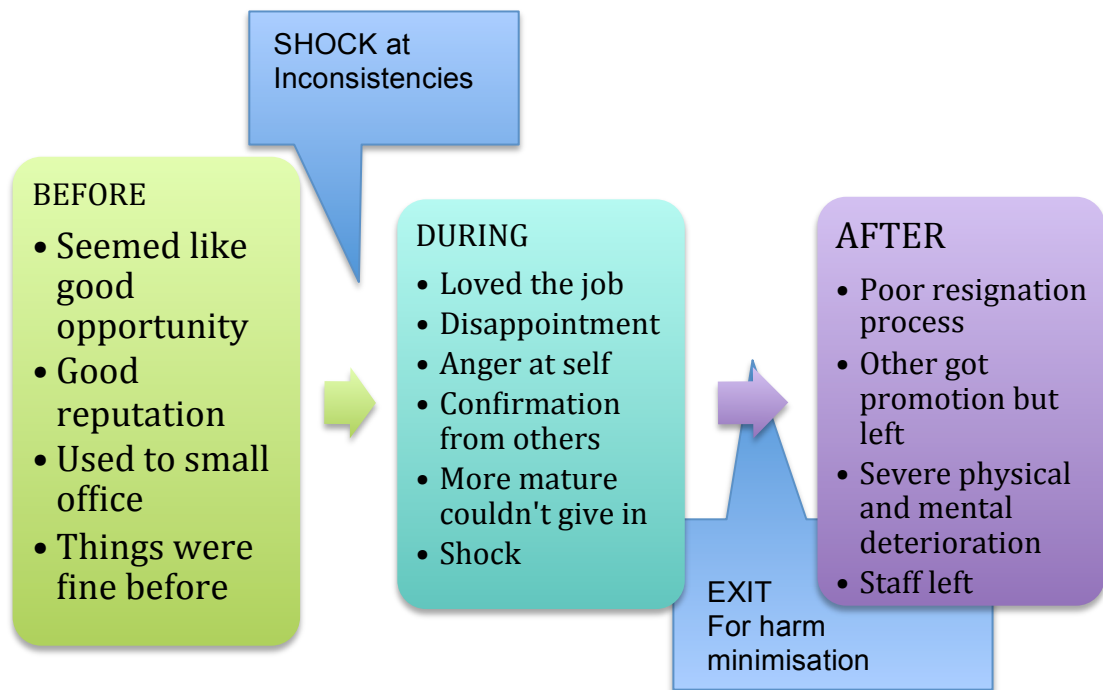


Figure 23. Effect of Working with an Inconsistent Malevolent Executive, Their Stories

Before

Before their employment commenced with the Inconsistent Malevolent executive, the recipients reported that they thought that working with their executive *seemed like a good opportunity, good reputation, used to small office and things were fine before.*

Seems like a good opportunity:

I'd always had an underlying desire to return to that environment and that profession at some point in time and there seemed like there might be an opportunity there for me

Previously, one recipient talked about having a *good reputation*:

I worked for the [previous] company for six years all told, this was the last job I did and I must have been there just over a year so I was quite well known. I had a good reputation with other managers and everything but it was the way it was all done, [reason why she wanted to leave].

Used to small office:

It was a very small firm. since the commencement of my career, I have worked in small firms.

And finally:

Things were fine [before].

During

This construct had several categories: *loved the job*, *disappointment*, *anger at self*, *confirmation from others* and *more mature couldn't give in*. In *loved the job* the recipients are clear about enjoying their work:

I loved the job, really enjoyed it and the clients

After being at work with the inconsistent malevolent for a while, *disappointment* and feeling *upset* set in:

...but it was a disappointment because I actually liked him on first meeting.

Upset:

It used to really upset me because I had worked for the senior partner of a legal firm or closely with him over my career for eighteen years and I was never treated like that. So it was quite out of the ordinary and not what I was used to.

One recipient felt *self-anger*:

I should've realised that when I met him for coffee one time he had little time for me,

Some recipients described *confirmation from others* including colleagues:

...and the strange thing is that people around knew because I would often have things said to me, "We know what's going on.", and things like that.

It turned out that one recipient was told that her boss had a *poor reputation* as an employer:

...one of [her employers'] friends rang, he said to me:... "I've known him for years but my wife's known him longer and she reckons she could never work with him."

Being an older employee than most in the office, one recipient said that as she was **more** mature than her other co-workers she couldn't give in to what was happening to her:

I was a mature woman. That's why I wouldn't give in you see, the other girl she was a young girl, she was probably twenty-three or something like that.

And another felt that it was her lengthy experience that allowed her to *admit when wrong*, which is what her boss could not do:

and I am someone that's always willing to admit when I've got something wrong. Very happy to kind of admit that and then rectify it.

One recipient described *shock* about the variability of inconsistent malevolent impression management from the executive:

...which was quite a shock given that, you know, we seemed to establish a good rapport fairly quickly. I think probably in social situations he is very personable, but on a one on one working relationship, no he wasn't.

A separate reference mentioned that the recipient reinforces this variability:

Whereas I found he was, maybe he was time poor, but he seemed to get into work

early and work quite hard up till lunch time and you never really knew what the afternoon would bring...

After

The **After** construct is composed largely of data categories describing *poor resignation process, other staff left* and *severe physical and mental deterioration*. One recipient at some length explained a *poor resignation process*:

[On Monday] I emailed him and told him that his behaviour had upset me and I was going home to think about my situation. ...But in the meantime I got an email from my boss on the Wednesday, because I had rung in and said I would be off for the rest of this week, I'm unwell. He emailed me the next morning and asked me what the nature of my illness was and told me it was most inconvenient that I was not there... he sent the same email again and said I hadn't responded, would I be in tomorrow?... On the Friday I emailed him and told him there was a medical note coming for the next week and that I was giving a week's notice. ... I [had to go] to the Advocate for Employment Issues ...He paid me I think the following day.

The recipient went on to say that she *never heard from the executive* again:

I never heard anything from him, he didn't respond. What can you say if you've behaved in a bad way? There's two things you can say: I'm sorry can we maybe give this another shot, you were doing a good job?" What else can you say, good riddance? You can say sorry and try to work through something or you're not going to even admit you're wrong.

Similar to the effect of the non-fraudster executives' inconsistent malevolent impression management on staff after discovery, *other staff left* after working with the inconsistent malevolent executive.

One of the previous people left; having counselling because she couldn't cope with how he was. One of the [other] staff members was so intimidated by him, (she was a lawyer), she ended up having counselling and leaving within about a week or two weeks.

One recipient resigned and found out later that the favoured candidate by her inconsistent malevolent executive got promotion *in other staff left*:

And of course, when I left she did get the promotion but she left a year after me, so I think the whole thing split up after that.

In the *severe physical and mental deterioration* category, one recipient spoke of her physical and mental reaction:

But once I'd left my whole body came up in lumps even in the palms of my hands, I think it was just a reaction, I'd kept so much emotion in and I think I was very close to a nervous breakdown because all I wanted to do was go to bed and curl up in the foetal position.

It also affected her badly to see workers from the office:

...and I wouldn't go out if I had shopping to do I would not go into the town because the office was in the town and at lunch time all the workers would be out doing their shopping, I would not go into the town at that particular time because it affected me so badly I couldn't see any of them.

The emotional abuse that she received apparently took *9 months to get over it*:

...so it wasn't just what went on there, it was the reaction afterwards, because it took me nine months to get over it. A long time nine months before I felt safe again and able to just go out when I felt like it and go into the town whenever I wanted to go; not when I thought it was safe to go. Yes it took nine months.

Question Data

This data set is particularly small with only a few references from the Question section in the interviews.

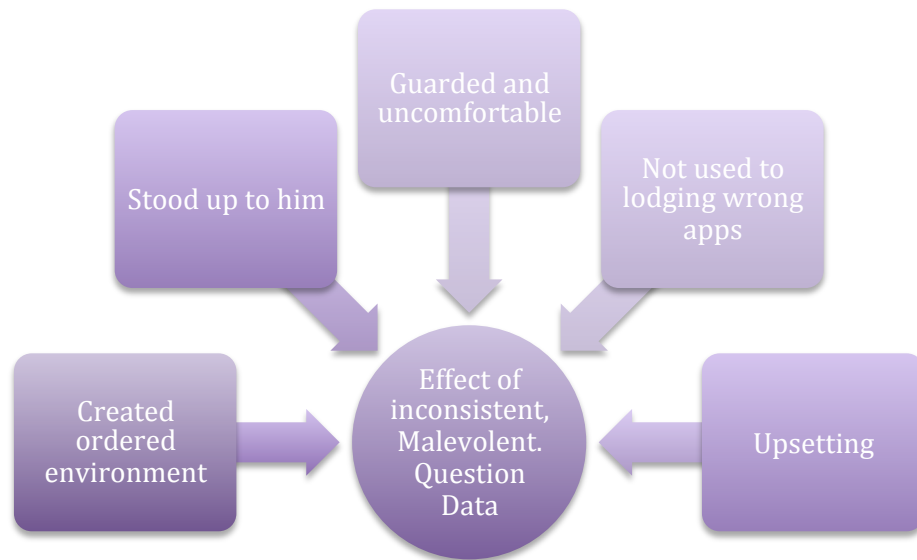


Figure 24. The Non-fraudster executive recipients working with a Tyrant executive, Question Data.

The Their Stories data appeared to have captured most of the references regarding this theme. Overall, there are two strands: positive and negative effects that the experience of working with an inconsistent malevolent executive had on them. See Appendix A for this data.

Positive nuance

On the positive side, one recipient felt that at least she *created an ordered environment* for the office. Another stood up to her boss and felt too that was good for her self esteem:

...one of my colleagues said to me in my first week there, oh I think he's met his match.

Negative nuance

The negative themes are about feeling very *guarded and uncomfortable* when one recipient worked with her inconsistent malevolent executive. This intuition turned out to be correct in

light of what happened to her, as reported earlier with her breakdown. Another recipient referred to the variance of working practice with her inconsistent malevolent executive as she was *not used to lodging wrong applications*. And finally, in *upsetting*, a recipient explained that talking about her experience in the interview *reminds me of what he did to me*, when realising her face was flushed and she was showing signs of stress. Fortunately, the experience proved cathartic. The recipient reported in response to the interviewer's concerns that by the end of the interview she was now feeling much better about the re-telling and indeed of the whole episode. No one had taken the time to ask her in depth about her experience before now.

Comparison of Their Stories and Question Data of working with non-fraudster executive impression management

Their Stories certainly received the most data with clear definitions of time and what it was like before, during and after. The Question Data were far more loosely hung together into two themes of positive and negative strands with far fewer references. Overall, the trauma of working with an inconsistent malevolent executive was described in Their Stories data and substantiated to a limited extent in the Question Data.

Effects of non-fraudster inconsistent impression management on recipients

These data were collected and formed into Theme 9 showing the effects of non-fraudster Tyrant executive impression management on recipients. The content was far less, but the damage that can be caused for recipients of this impression management type is seemingly just as much as that by a fraudster's impression management. These recipients resigned after working with the Tyrant executive for several months. They too felt emotions of shock, disappointment and anger at self. They also found out that other staff had left, even the favoured ones, each finding the workplace intolerable. So the effects of working with an executive using the Tyrant form of impression management can be considerable upon recipients.

Ending of findings

This concludes the presentation of the themes that emerged from the data that were gathered in the interviews of recipients of fraudster executive and non-fraudster executive impression management.

Chapter 5: Fraudster Illusion-making, Strategies and Underlying Attributions

The previous chapter described the findings of the detailed study of recipient voices from the two groups of fraudster and non-fraudster executives. From this it was found that recipients of impression management perceive that:

- **Executives use five themes of impression management.**
- **Fraudster executives use two of these themes of impression management.**
- **Non-fraudster executives use the remaining three themes of impression management.**

In addition, there were themes generated about the Crisis Moment regarding the discovery of the fraud and the Effects on recipients from the types of impression management that they received.

In this and the following chapter there will be discussion related to the research question:

By comparing recipients' perceptions, what are the forms of impression management of fraudster and non-fraudster executives? Does the impression management vary between the two groups of recipients? What is the source of the differences?

And the research objectives:

- To explore, from the recipients' point of view, the impression management of executives, named fraudsters.
- To explore, from the recipients' point of view, the impression management of executives, named non-fraudsters.
- To explore the attribution of morality and authenticity that recipients contribute to executives' impression management.
- To develop insights in understanding the impression management behaviour used by fraudster and non-fraudster executives and their recipients.

The extent of knowledge about white-collar criminals, let alone executive fraudsters, has not changed much since Romney, Albrecht and Cherrington wrote in 1980:

From these results it can be concluded that the detection of potential perpetrators of fraud will not be an easy task because their demographic and psychological profiles reveal that they are very much like most other citizens. (1980a, p. 65)

With the findings of this investigation a step forward can be made as it has been found that executive fraudsters use different forms of impression management.

Maintenance and eventual destruction of the illusion

What has been found in the recipients' data is that the maintenance of the illusion takes its toll on the fraudster executives using their disguised and inconsistent impression management. Pressure of time on holding up an illusion weakens the impression management and cracks or strips appear.

Strips

Breaks appear in the disguise over time due to the build up of pressure for the fraudster. Generally they take the form of what one recipient described as "little things" and these are referred to as 'strips' by Goffman in *'Frame Analysis'* (1974). Here he explains that communication is organised in primary frameworks, which give an understanding to both parties about what is being said, why and how. Primary frameworks relate to not just words but everything that is implied, including motive and intent in the communication. Each interaction is made up of a collection of strips, which Goffman defines are "any arbitrary slice or cut from the stream of ongoing activity, including here sequences of happenings, real or fictive, as seen from the perspective of those subjectively involved in sustaining an interest in them.... it will be used as a starting point of analysis" (1974, p. 10). And as Manning (1992) pointed out in his critique of Goffman's theories, strips are the 'empirical materials' of interaction in an otherwise non-empirical work.

Given that each strip is nuanced (as it forms the primary framework), when coming across a strip that fails to fit the framework, there is a shift in consciousness. "It is what a person feels who begins, rightly or not, to think that the strip of activity he is involved in has been constructed beyond his ken, and that he has not been allowed a sustainable view of what frames him" (1974, p. 122). Goffman goes on to say that suspicion and doubt can now occur, but it is in reference to the framework of meaning, not necessarily the person. One recipient described this moment, regarding the incident of a purchase of an office chair, which cost four times more than expected, by a fraudster executive:

Ahh, that's when I look at the other lady and thought "No way! Not going to believe you with that. You are not going to get away it" So little things, yeah.

However, this did not lead her to denounce the executive as a liar. The connection that it was not optimal, in fact it was dangerous to have a financial controller and acting General Manager of an organisation to be a liar, did not occur to her or anyone else around her.

Little things

Each fraudster executive in the sample had a strip or to use the term “little thing” that was odd or incongruent and was noted by the recipients in their interviews. All of the oddities were seen exactly as Goffman predicted, as being within the framework and not related to the person as a problem of integrity:

Little things. Only little things. Oh. Maybe things like, petty cash... or going to buy the drinks or... it was not anything that I didn't think [their boss] or the other bosses wouldn't know about. Pushing the limits I suppose a little bit.

The problem, it turns out, is that the recipients cannot understand the importance of these “little things”. Some of the “little things” occur immediately on entry of the fraudster into the organisation. Most are noticed over time and maybe as early as two years before the actual discovery of the fraud. A most interesting aspect of these strips is that the fraudsters themselves can become sloppy in their fraud activities (e.g., forget to pay certain creditors). Therefore when they are out of the office on holidays, sick leave etc., their system is liable to fall apart. This point is tendered in the Red Flags indicators of fraud with an individual failing or refusing to take leave (Romney, Albrecht, and Cherrington. 1980b).

The study captured a list of strips that occurred with Arrogant Fraudster cases that were seen as odd but not accorded weight by the recipients, this includes:

- Exaggerating their importance with customers and colleagues.
- Wearing expensive jewellery or clothes.
- Lying over little things, for instance taking a sick day off when well.
- Spending considerable time out of the office to chat with others.
- Never bringing their partner to the office functions.
- Being able to deflect critical questions by bluffing or joking.
- Tending the office garden (this is a reverse strip to maintain the delusion).
- Losing personal items and being extremely angry.

Pressure increases over time

One of the issues that is central to the research question is how the Arrogant Fraudster fraudsters managed to keep up their façade for so long. Some of the fraudsters were keeping up their clandestine activity for many years. Certainly inconsistencies started to appear, and this leads the upline management to start having suspicions and or doubts about the

executive in question. There seems to be a psychic toll on the fraudsters in the upholding of disguised impression management, with increasing anxiety showing in frequent hand washing, growing uneasiness by upline managers with extra supervision covertly put in place and in one case, important office keys removed. For the fraudsters themselves it was reported that there was an increase in risky behaviours, pub fights, increasing rates of absenteeism and taking higher amounts out of the business's funds.

An interesting area that has come up through analysing recipients' responses in developing the 'Becoming Aware' framework is the amount of signs that were given to the fraudster that the upline management were beginning to become suspicious. There are notably two cases where the fraudsters would have known that time was running out, but they still continued with their fraudulent activities. Some recipients have posed that perhaps they wanted to be caught. An explanation from the supplementary interviewing of fraud investigators for triangulation purposes, was that in their experience the fraudster absolutely believes that he or she will get away with it through their superiority at defrauding the system. A sense of Superiority is a previously identified theme for the Arrogant Fraudster group, and even the ones who were signalled that time is running out, are indeed seen as superior and arrogant by their recipients. Moreover, the defrauding behaviour has parasitic overtones. Seemingly, there is no need to change hosts until the blood runs dry. One fraudster was noted for varying amounts she stole depending on revenue, ensuring not to take too much in lean times.

When confronted with the discovery of the fraud, the Arrogant Fraudster fraudsters rely on their previous use of trustworthiness in bargaining with their employers. They either fight the case vigorously, or if they own up, they do so as the amount detected is smaller than what they actually stole. They do not show remorse according to the recipients, unless that is used for mitigation purposes in the courtroom.

Long standing illusion

The fraudster group however, hoodwinked, bluffed, lied and cheated their organisations of millions of dollars. Yet apparently the recipients saw nothing untoward, as the impression management given was (almost) efficient. The shortest period of fraud was six months and the longest was eight years. Clearly then, the impression management mechanism as used by these fraudsters was extremely effective. Goffman refers to fraudsters and con men in '*Presentation of Self in Everyday Life*', but not in the long term. Criminals would have their own dramaturgical demands and expectations, for instance Chicago gangsters are gangsters

and are not disguised. Because his work was applicable to many scenarios and he suffered an early death, there is no guide to what Goffman would have thought about these lone executive fraudsters. But as we have seen, Goffman says there are strips to any frame, and the strips emerged over time according to the recipients.

The cracking of the illusion: the process of discovery

At the first point of discovery, the fraudster as Goffman predicts, shows signs of his or her true self. Fear is quickly masked by old techniques of trying to re-establish trust. If those fail, then power plays and manipulation come to the fore. As it happens there are a number of instances caused by the process of discovery of the fraudsters' activities, over time. This leads to a three-stage illusion shattering process.

Initial contact

There is an initial contact with the fraudster, which alerts the fraudster that people have discovered his ruse. The response appears to be very minimal, usually one word "Oh" and that is it. Another fraudster responded with a plain "Oh," to a telephone request to come in to the office. Another on the other hand, offered a very non-committal:

Oh. I wondered when you would see that.

when the first fraudulent transaction was discovered. This moment appears to be very short, during which the fraudster retains the old illusion, whilst thinking rapidly. There is little external sign of what is going on to the recipients of the impression management. For the Emperor and the courtiers, it could be imagined the first reaction to the little boy's shout was a similar: "Oh!"

Interim stage

Then there appears to be an interim stage of dealing with the shattered illusion. One fraudster says: by telephone:

I thought you would call me about that

Another recipient reported a highly unusual reaction of the executive being stone cold serious. This was from the fraudster who had normally used the impression management tactic as the joker in the office. His seriousness was so extraordinary that the recipient remembers it quite clearly several years later.

Final stage of illusion maintenance

“The whispering of the crowd,” recounted Hans Christian Andersen: “...made a deep impression upon the Emperor, for it seemed to him that they were right; but he thought to himself, “Now I must bear up to the end” And the chamberlains walked with still greater dignity, as if they carried the train which did not exist” (Andersen 1837). The victims of the fraudsters continued the illusion, even though they knew that everyone had seen through it. This very much describes the final stage of illusion-keeping that the Arrogant Fraudsters tried to uphold. It came at the stage of formal confrontation between business owners and their Arrogant Fraudster employee, which was held days or weeks later. All fraudsters try to keep up the old illusion or try a new one.

One Superior fraudster came in prepared with a ‘confession,’ which was tantamount to an explanation- as there was no admission of guilt to a fraud, and his plea of not guilty was maintained right up to the last moments of his trial. Another exclaimed: “Charge me! Charge me!” When this did not happen, she tried to explain that she had cancer. Finally, seeing that this had no effect on the recipient, she fell to the floor in what appeared to be a catatonic state and had to be hospitalised.

Finally, another’s reaction was to admit guilt to the small amount that he was accused of stealing. He immediately made an offer to repay and to leave the company. This was a restitution impression management strategy as the amount that had been discovered at that point was merely three per cent of the overall fraud.

Discovery Process for the Likeable Fraudster

It was explained by the fraud investigators that in their view it was the Arrogant Fraudsters’ arrogance that made their discovery a three-fold process, however, for the Likeable Fraudster it was reported in two stages. One recipient described the executive as having a moment of complete exposure of his feelings of fear to her, which he then quickly tried to cover up. The illusion in the perpetrators’ mind appears to be shattered immediately at that point, and it was only a matter of days afterwards that the second stage occurred when he turned himself in. For the convicted fraudster, his moment of illusion shattering was initial and complete as well, reporting that he felt it was ‘game over’ and finally some weeks later in this case, the second stage of turning himself in. There appears to be no attempt at a drawn out illusion

maintenance as with the Arrogant Fraudster. In fact, it almost seems that the Likeable Fraudsters were waiting for this moment when they would be found out.

Inconsistent impression management is open

The fraudsters, both Arrogant and Likeable types, are the only executives who create the disguise or illusion. Other non-fraudsters both Malevolent and Benign, are not worried about disguising or hiding, they are open with their impression management. Executives using Inconsistent Malevolent (the Tyrant and Mediocre) impression management do not seem to care if others see their bad behaviour as they hold the power of the situation, as perceived by the recipients. The Respectful executive impression management does not have any illusory component in it. There is no need for it to be noted as the audience trusts the actor and the actor performs as per expectations.

The executives who used the Inconsistent type of impression management- the Tyrant and the Mediocre executive impression management are very different. The recipients found it to be variable and with malicious intent either to themselves or others. Furthermore, these executives have nothing to hide and they use power in the workplace for their own means. The two categories are discussed further below.

Non-Fraudster: The Tyrant Executive

This malevolent type of non-fraudster executive openly uses disguises when meeting clients – being personable for a short while in order to get their work, later openly dropping the disguise in front of subordinates. He or she does not care if co-workers see their malevolence, in fact the executive benefits from it as the staff then live in fear of what may happen. This type of executive is actually inefficient, ineffective and relies on their support team to cover up his or her mistakes. Subordinate staff feel the malevolence and may even feel targeted by their bullying behaviour. These Tyrant executives maltreat their staff through poor work performed due to conflicting demands, overload of work etc., and cause high staff turnover.

Non-Fraudster: The Mediocre Executive

The illusion for the Inconsistent Malevolent- Inferior is different from the Superior type, in that the Benign illusion is used outside their safe group and they feel that they can drop their

mask and be two-faced about other employees within the confines of their group. Furthermore, there is an air of appeasement to the Inferior that is illustrated with this observation about the dropping of the illusion in a trusted group:

He liked to be appropriately dressed, he liked to be recognised in public, he liked to have the respect of the staff but he may not return the same respect to them [behind their backs]...

The group becomes very important for the Mediocre Executive, so much so, it led in one case to promotion of the 'in' group:



... the most significant thing that I noticed from when he moved from the directors role which gave him his very close knit support group...within months he was back to having [the same] exclusive group of close staff people around him...

But overall, the Inconsistent Malevolent impression management, both Tyrant and Mediocre, are not about upholding a constant disguise like the fraudsters. They have no need, as they are quite able to use their power in the workplace for their own designs.

The executive impression management process of non-fraudsters

This section looks at the non-fraudster executives in more detail, comparing those who used the Respectful and the Tyrant and Mediocre executive impression management. As stated earlier, impression management is used in everyday interaction. However, the social psychologist school of impression management is dominated by the view that impression management is used for more devious reasons. In fact, Jones and Pittman (1982) list four conditions when impression management is entirely absent or minimal: when the person is absorbed in a highly intensive task; when expressing pure emotion, for example joy or fear as it is contained in the moment; ritualised social interaction and in certain situations where the person is engaged in intense heart to heart communication where authenticity and integrity are paramount. Jones and Pittman went on to produce a taxonomy of strategic impression management levels and these are applicable in discussing the malevolent (Arrogant Fraudster, Likeable Fraudster, Tyrant and Mediocre) executives. They list several methods of strategies and these were presented earlier in Chapter Two. When applied to this group, there are some interesting trends that are noted by the recipients. In Table 12 below, the impression management strategies are labelled for each fraudster and executive type in the study, however there were differences in upward and downward impression management strategies.

Table 12. Impression management strategies of all of the Inconsistent executives.

	Reported impression management upwards	Strategy upwards 	Reported impression management downwards	Strategy downwards 
The Arrogant Fraudster –Disguised, Inconsistent, Malevolent impression management				
Superior	Efficient, effective	Self promotion	Exaggeration	Self promotion
Superior	Moral, religious person	Exemplification	Bullying and lying	Intimidation
Superior	Efficient then got sloppy, aggressive 'bluffing' response to cover up errors.	Self promotion	'My way or the highway', 'sweatshop'.	Intimidation
Superior	Competent, conscientious	Self promotion	Got rid of competent staff. Abused blue-collar males. Trained staff to low level.	Intimidation and Self promotion
The Likeable Fraudster –Disguised, Inconsistent, Benign impression management				
Inferior	Reasonably competent, senior	Ingratiation	Nice boss but with 'problems'	Ingratiation
Inferior	Competent senior	Ingratiation	Nice boss.	Ingratiation
The Tyrant Executive –Inconsistent, Malevolent impression management				
Superior	Charming, personable	Self promotion	Harsh dictator	Intimidation
Superior	Senior, competence	Self promotion	Wanted chosen favourites in place.	Intimidation
The Mediocre Executive –Inconsistent, Benign impression management				
Inferior	Agrees with the boss at all times.	Ingratiation	With select group allows two faces: frontstage and backstage.	Ingratiation

From this classification, some observations can be made, which is discussed below.

Balancing impression management strategies

Jones and Pittman (1982) point out that there is always a careful balance when an individual uses these strategies. Ingratiation has to contend with issues of authenticity and sincerity or the behaviour is seen as sycophantic. Self-promotion is based on selling competence and the self-promoter must achieve performance in that competency or risk to be seen as incompetent. Jones and Pittman (1982) remark that the stronger the claim the more likely the case that the competence is actually weak. However, they are most likely to get away with it if they promote a successful appearance and background. This could explain why so much effort in the impression management process was spent on establishing a successful appearance to recipients of the fraudster executive impression management.

The exemplification strategy is quite different, derived from ‘seizing the high moral ground’ and wanting respect by projecting integrity and moral worthiness. This is fuelled in part by the projection of feelings of guilt and shame if the impression management is unwarranted and therefore its intent is to obtain power and control. Users of this impression management strategy can be criticised as being hypocritical or sanctimonious. Although this was not openly stated about one fraudster, it was certainly implied from the data.

Upward

There is a mixture of self-promotion and exemplification impression management strategies that is used by fraudster executives upwards to management. Self-promotion is a preferred strategy of the Arrogant Fraudsters and the Tyrant Executive. Even the most affable of the self-promoting Arrogant fraudsters in the study was reported to have links with organised crime and subsequently used powerful threats to his upline manager when he was exposed.

The exception is the Arrogant Fraudster who used exemplification, which proved to be particularly effective in the religious setting of the organisation she was in. The upline recipient of that particular fraudster impression management did not mention this aspect, in fact he seemed to have been taken in completely by the exemplification strategy, as he thought that she was a highly moral person but excused her ineffectiveness in the role in which she found herself.

The Likeable Fraudster and the Mediocre Executive type of impression management used solely the ingratiation strategy upwards. They clearly used a strategy of being liked by their line managers or Boards, as a way of handling their communication with their superiors.

If the motive of each impression management strategy is taken into account, there is a need for respect from the audiences of self-promoters and the exemplifiers, whereas the ingratiators want to be liked. Again this helps explain the data as the ingratiators demonstrated clearly to their recipients that they wanted to be liked by showing benign characteristics upwards to their management. However, where the ingratiators came into their own was in downwards impression management to their subordinates as they stayed with the strategy that worked for them best, whereas the other non-ingratiators changed tactics accordingly.

Downward

The self-promoters executives (Arrogant Fraudsters and the Tyrant executives) using Inconsistent Malevolent impression management, mostly used intimidation as a strategy for subordinates but with some reporting of self-promoting downwards. This is an interesting outcome, as they do appear to not need to have respect from those employees who work with them. It would seem that the more powerful figure (upline management) produces the need for respect however impression management strategies to subordinates produce a need to dominate and abuse by intimidation thus appearing dangerous. This seems to indicate that the Arrogant Fraudster and the Tyrant executives using Inconsistent Malevolent impression management who use self-promotion upwards will mostly use intimidation downwards. Einarsen (2007) has considered the vexing question of downward intimidation behaviours including: bullying, counterproductive behaviour and managerial aggression in the workplace and refers to this as destructive leadership. Insightfully in 1999, he wrote about the conclusions of an earlier study (Einarsen 1999) that: “The three main reasons [for bullying] were competition concerning status and job positions, envy, and the aggressor being uncertain about his/her self” (1999, p. 20). This observation fits neatly in with the upward self promoter/ downward intimidator strategies that have been witnessed by recipients of malevolent executives in this investigation. Furthermore, the interviews with fraud investigators uphold this proposition, as many fraudsters that they have dealt with in the past have been noted as using promotional tactics and simultaneously being bullies to their staff. One investigator though that about half of the fraudsters he had dealt with were of this dual impression management strategy type.

The ingratators on the other hand are more consistent in their impression management strategies. They use ingratiation upward as well as downward, as observed by the recipients in the study. The strategy of downward ingratiation by an executive is possible to keep followers in control and according to one study produced a moderate influence on employees (Yukl 1992). Certainly the manager who provided drinks after work everyday for his staff was able to do this successfully.

Interestingly, those executives who imposed a superior relationship mostly used self promotion upwards and intimidation downwards in this sample, whereas the executives projecting an inferior relationship through their impression management used ingratiation both upwards and downwards (see Table 13 below).

Table 13. Executive Impression Management types and impression management strategies.

	Inconsistent – The Tyrant and the Mediocre Executives	Inconsistent – The Arrogant and Likeable Fraudsters
Superior relationship projection	Upwards: Self Promotion Downwards: Intimidation	Upwards: Self Promotion Downwards: Intimidation
Inferior relationship projection	Upwards: Ingratiation Downwards: Ingratiation	Upwards: Ingratiation Downwards: Ingratiation

This division seems to indicate that the two types of executives using Inconsistent Malevolent impression management are driven by different forces: with the Superior type being driven by a need for respect, while the Inferior types are seeking to be liked. It was noted in the data that there appeared to be a strong need for appeasement which extends to outsiders of the select group executives using Mediocre executive impression management.

Comparison of fraudster and non-fraudster executive impression management types

This section compares the openly Respectful, Mediocre and the Tyrant executive impression management versus the Disguised Inconsistent impression management of the fraudster executives. Looking at the semi-structured question responses a number of possibilities emerge. These are beyond what has already been discussed with regards to their received impression management.

Application of theory predictors

Using the overall basic theory indicators of impression management, social psychology, psychopathology and the Red Flags, the data revealed a relationship of recipients' responses such as that shown in (see Figure 25).

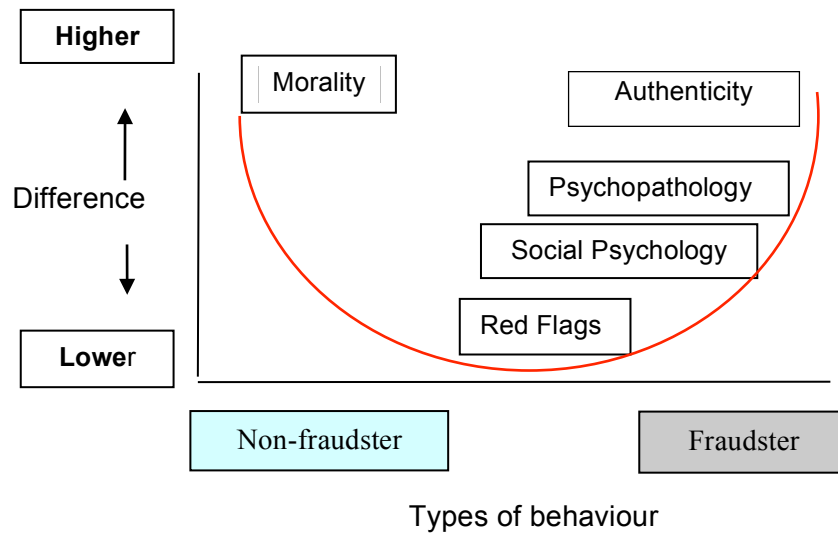


Figure 25. The curvilinear relationship of the literature indicators as seen by non-fraudster and fraudster executive recipients

The ‘Red Flags’ appeared to reveal little between the two groups. In contrast to the two precepts of impression management, morality and authenticity show some relationship with the two groups of recipients but in different ways. Morality is more detectable with non-fraudster executives, whereas authenticity is more noticeable in fraudsters executives. As previously discussed, the fraudsters trade more in the currency of trust, which is the foundation of authenticity, rather than demonstrating morality. The other groups of psychopathology and social psychology indicators are only slightly more noticeable with the fraudsters than non-fraudsters.

When looking at individual items the fraudsters and non-fraudster executives demonstrate differently, see Table 14 below.

Table 14. Top five differences on individual theoretical themes.

Indicator	Non-fraudster executives
Apologised	Very high
Admit to weaknesses	High
Conscientiousness	Moderate
Work long hours	Moderate
Marital Difficulties	Less Moderate
Fraudster executives	
No one to touch their things	Very high
Surround themselves with 'yes men'	High
Take shortcuts	High
Always right	Moderate
Superiority	Moderate

Overall, non-fraudster executives apologise, admit their weaknesses, are conscientious and work long hours. They also have 'less moderate' but still have some marital difficulties perceived by the recipients. Whereas the fraudsters are more likely to be hostile to people who touch their office things, e.g., computer, filing cabinets, are more likely to surround themselves with 'yes men', take shortcuts and consider themselves always right and superior to others. The next list of factors for the fraudsters would be: being a good actor; narcissistic; arrogant; variable performance and no regard for others. It would seem therefore that the recipients were able to see some of the psychopathic tendencies with this group of fraudsters. There were some items that bore no indication either way. All executives were considered to be sociable, even though there were at least two who showed signs of introversion. And both groups demonstrated moral behaviour and views, with neither group showing signs of greed to the recipients.

The two questions regarding being able to apologise and demonstrating a preference for people to stay away from their things are the better descriptors for this group of non-fraudsters and fraudster executives respectively. However, there is the caveat that this is from a purposeful sample and not random, so inferences to the general population cannot be made. One interesting observation is that self-monitoring was not seen by many recipients, and it is suspected that this behaviour is more connected to the impression management types associated with ingratiation upwards and downwards.

Attributions of authenticity and morality in executive impression management

Executive Impression Management is based on Goffman's work and predicated on authenticity and morality of the self. The findings indicate attributions of these qualities and these attributions are strong and lasting.

Authenticity

The only executive impression management type that is perceived as truly authentic is from the Respectful executive, whose impression management type is seen as consistent and benign. The recipients' phrase 'What you see is what you get' about the Respectful executive in question, is a modern way of talking about authenticity. The theme of the Respectful executive certainly demonstrates support for what is implied by authentic leadership. Etzioni (1968) explains that authenticity is where the outward appearance and the underlying structure are both responsive to human needs. This is supported in the Respectful type; whereas inauthenticity, Etzioni states, is unresponsive and only maintained as an institutional front. Being authentic is also linked with high self esteem (Kernis 2003) which was reflected in the recipients' descriptions of the Respectful executive impression management showing respect for and encouraging others (Avolio et al. 2004). Authentic leaders have also been found to be self confident, self aware, reliable and trustworthy, with an attendant moral perspective (Ilies, Morgeson, and Nahrgang 2005).

Table 15. Comparison of attributes of the pre-conditions to impression management.

Executive impression management			
type	Authenticity	Trust	Morality
Respectful	Present	High	Yes
Mediocre	In group only	Selective to in group	In group assumes yes
Tyrant	Customers only	Customers only	Does not care
Likeable Fraudster	Co-workers only	Downward projection	Disguised downwards
Arrogant Fraudster	Upline manager(s) only	Upward projection	Disguised upwards

Authenticity: the Respectful Executive

Nonetheless, Ilies, Morgeson and Nahrgang (2005) advise that: "However, instances may exist where expressing one's true self results in severe social sanctions, or where projecting a

powerful image of one's true self requires monitoring behaviors for the purpose of self-presentation" (2005, p. 380). Interestingly, the participants in this study did not observe these two situational responses in the Respectful impression management, although several recipients observed that problem clients received short shrift from the executive. Losing some income may not be the serious social sanction that Ilies, Morgeson and Nahrgang implied. And one recipient reported that her Respectful executive who used the consistent benign impression management at one point lost a major customer through telling them the truth of their situation; he ensured that no staff lost out on their bonus income as well. So there is some doubt whether the situation of severe social sanctions would actually impinge on Respectful Executive Impression Management and this is possibly due to the underlying strength of consistency. As for self-monitoring of behaviours in order to modify impression management, this was observed by only two recipients of non-fraudster executives who did not give off the Respectful impression management in any case. It therefore appears likely that the Respectful Executive's impression management does not change under stress or circumstance.

Authenticity: inconsistent Tyrant and Mediocre impression management

In this impression management there is inconsistency over time, and inconsistency according to the circumstances. For example, a recipient noted that her executive would switch off his pleasant impression management after clients left the office. Authenticity therefore is not present for the Inconsistent non-fraudster executive types. Kernis (2003) pointed out that authenticity does not come about through a desire to be real, but more about the freedom of expressing the self. This observation does fit with the Respectful impression management concept that emerged. It may have developed out of the self-awareness construct, which is lacking in non-fraudster executives using Inconsistent impression management. Furthermore there appears to be little self-awareness from the inconsistent types of executive impression management that were 'given off' to the recipients of either group, fraudster and non-fraudster executives.

Trust: Inconsistent impression management

Those non-fraudster executives using inconsistent forms of non-fraudster executive impression management however, are far different. They use impression management to generate trust in a selected group. The Mediocre Executive impression management type uses trust downwards to their select circle. For trust upwards it is to the one person who

counts which could be the CEO or Chairman of the Board to impute that Mediocre Executive impression management types are trustworthy. For example, one executive did this through agreeing with all the decisions made by the CEO, never contesting them, which implied that he was in agreement and the decisions taken were good decisions. Downwardly though, the executives using Inconsistent impression management do not bother with ingratiating impression management strategies with those that they regard as outside their group and are covertly hostile to those who they have been obsequious.

Trust: The Respectful Executive

Whitener et al. (1998) explain that trust is a belief that the person will behave benevolently towards them and that trust is formed when the executive exhibits behavioural consistency, behavioural integrity, sharing of control, openness in communication and demonstrated concern for the employee. All of these factors are present in the Respectful Executive Impression Management. For the remaining executives, these concerns are violated, with inconsistencies dominating their impression management.

Trust: The Arrogant Fraudster

Trust is the key to what the fraudster is able to project very well upwards with Boards and owner-managers, displaying an aura of trust created by their self-promotion strategy. Upper management even trusted the executive, who was described as incompetent who was claimed to have “not enough clue” about his work. Being outwardly very religious, which suggests adherence to a strict moral code was one fraudster’s modus operandi to engender trust. Once the outward impression management, which has attributions of morality, is delivered, a deep trust follows quickly. Obviously, this particular set of circumstances would only work in a setting that preferred a strict religious moral code. However, most businesses are run in a more secular fashion and assume a moral code in what could be described as an individualist self-interested fashion. This depends on all of society adhering to a commonly agreed set of principles. However, in a conflict view of society several moral codes can exist side by side, as typified in the maxim: ‘There’s one law for the rich and one law for the poor.’

Morality

Normatively, morality would be internalised and become part of self-regulation and self-discipline so it is guided from within, not from external influences (Ryan 2000). When the

semi-structured interview questions were asked outright about executive morality, there was a mixed response. It was assumed and taken for granted to be in place by recipients of the Respectful executives, and in the Question Data part of the theme, there is a construct referring to them as having a moral character and being seen to operate ethically. Recipients talked about moral character in terms of honesty, being generous, doing work in the community, country values and having ethics and honour. It would appear also that transformational leaders share characteristics of these Respectful executives. Bass and Steidmeier (1999) state that a leader to be truly transformational has to be grounded in virtue and moral character, this of course describes the Respectful Executive but it is not characteristic of an executive giving off inconsistent malevolent impression management.

Morality: The Tyrant

It was the executives using malevolent impression management who gave recipients concerns. Some of these appeared to be immoral to recipients:

... to me there were no morals she would do anything to get her own way and do, you know, get things the way she wanted them to be.

And it should be remembered that morality in itself was detected slightly more in non-fraudster than fraudster executives.

Morality: The Arrogant Fraudster

It is only the Superior type of fraudsters who are sometimes assigned as immoral. The relationship between the Inferior types and their co-workers seemed to be so beneficial and strong that morality was assumed, as one recipient reported:

He was honest except for one thing [the fraud].

Morality is not the sole domain of executives using Respectful executive impression management. The mixed response to questions about the fraudster's impression management before discovery of the fraud, was due to their adopting a disguise. One executive claimed morality on the grounds of being religious and was generally accepted as such.

*That was the thing that was really obvious. [speaker's emphasis:] **Really strong Christian faith!***

Another recipient mentioned:

but he definitely had his morals and views and beliefs... you know. He was very strong with regards to that.

Borrowing the benign characteristic of morality is part of the Likeable Fraudsters' disguise. Although recipients were able to detect the non-fraudster executives slightly better on this construct, it is only classified as 'moderate', which demonstrates the strength of disguise. Looking for immorality in a person in order to detect possible fraudulent behaviour would therefore be quite ineffective, as one recipient pointed out:

There were never occasions where you thought, [from the fraudster] let's put a little bit extra on the invoice, or let's not deduct that from their wages, or lets not pay that person's super or... "Look if you do that with the wages, you won't have to pay payroll tax" There was nothing... No inkling at all. He certainly didn't tip me off.

The disguise of morality in their impression management proved to be successful.

Morality as a precondition

In order for self-presentation to work however, the impression management has to be moral. It is one of the preconditions for impression management. It is assumed that the audience will be able to detect immorality and consequently withdraw from the audience act of reciprocation. Like Goffman, recipients of the fraudster impression management, assume that morality (as well as authenticity) is in place unless indicated otherwise. And very unfortunately for the people who were defrauded, there was no indication. It was assumed that the fraudsters were moral.

Authenticity versus Morality

Perhaps then, the fraudster may instinctively know that he or she does not have to work so hard on morality as on authenticity (gaining trust). There are no reports of fraudsters going out of their way to establish their morality, except for the 'religious' fraudster. However, the fraudsters do go out of their way to firmly establish their authenticity, which appears to makes them more detectable on this factor than non-fraudster executives. And maybe the reason for the fraudsters to be more relaxed in instilling morality with their recipients is because morality exudes from the self (Bandura 2002). This seemingly paradoxical state of affairs gives importance to review the self as a concept in impression management to understand this complex arrangement.

The Self

The self, as seen in the literature review in Chapter Two was concluded to be an empty space devoid of impression management and reaction to the outside world. It is seen as the moral private place of the essence of the individual, often referred to as the phenomenal self (Baumeister 1987). Impression management has been said to be an activity that serves the self in projecting the self as believable and beneficial to the recipient (Schlenker and Weigold 1992). When it is not, it is proposed that impression management quickly changes to try and reach equilibrium about the self. However, there are others who view the self quite differently.

Tseelon (1992) presents a postmodern view of the world, where impression management is not seen as used for the purposes of trickery. It is purely an interplay with others' impression management. This judgement is much closer to Goffman's perspective of impression management in that it exists only in the social interaction itself and reflects the inner self to others (1952). To extend this argument further, to say that an executive gives off benign or malevolent Executive Impression Management does not mean to say that the executive him or herself is benign or malevolent. When stress occurs individual beliefs about the world change (Bandura et al. 2001). The Inconsistent non-fraudster Executive Impression Management data are peppered with references about an 'us and them' fracturing of their world, whereas the Respectful executive impression management was cohesive. The recipients of Tyrant and Mediocre impression management reported this in many ways, e.g., favouritism, being exclusionary to others and high pressure tactics. The world would seem to be a partitioned place to these executives and their only way of dealing with it is to divide and conquer. It is the way that this person has learnt to deal with the world. Goffman is most insistent that impression management is dealing on the outer of the self, with the world as the self knows it. But this is not a private self or a public self. It is *how* individuals make sense of their world. The interesting thing about this aspect is that it is non-blaming. These are only facets of how individuals respond to their world. To quote Goffman, "This suggests that while persons usually are what they appear to be, such appearances could still have been managed... The implication here is that an honest, sincere, serious performance is less firmly connected to the solid world than one might first assume" (1959, p. 71).

The Self: The Arrogant Fraudster

A staged confidence game requires all the tricks of the legitimate. Indeed, as this investigation has found out, in the recipients' eyes the Disguised Inconsistent Malevolent

impression management displays strips or cracks in the veneer of the disguise over time. What is seen is not a powerful character who is trustworthy and authentic, rather they see, albeit momentarily, fear which is accorded by Goffman as an indicator of weak character. These fraudsters are still operating within their impression management type, disguising his or her view of a highly fractured world with the mask of Respectful executive impression management. This is the contrivance that gives him away. If the Arrogant Fraudster used the open Tyrant Executive impression management, the fraudster would have had less chance to stay in a Respectful impression management dominated organisation, that is, at the executive team or Board of Directors' level. The fractured attitude and behaviour would not be tolerated. A fraudster using The Arrogant Fraudster type of impression management uses the disguise in the belief that this disguise will work better than his or her authentic self.

The Self: the Tyrant executive

The Tyrant Executive Impression Management is based on openness too, but in a negative fashion, as one recipient remarked:

What you see is what you don't get.

The executive using Tyrant Executive Impression Management does not have to bother with being authentic, trustworthy or moral. Despite the self being a private moral space, it is the Self's activities (such as malevolent impression management) that attract judgements of good or bad from recipients as they appear not to care what others make of them.

The Self: the Respectful Executive

As seen earlier, underneath the fraudsters' impression management one would *expect* to see a weak person not a strong character. Similarly, the self of an executive showing Respectful impression management would be *expected* to be a strong character, however, this may not be the case. For example, an individual could use benign impression management yet be weak, despite the impression management offering goodness, trust and authenticity to recipients. In fact, the Emperor in the fairy tale was described as being a good and trusted ruler, but the tailors found his one weakness, his love of high fashion and exploited it for their own ends. Displaying Benign Executive Impression Management does not mean that the individual is good. It only means that he or she is showing some consistency, trustworthiness and morality in their impression management to certain people. For the Likeable Fraudster it was the bond made with certain staff and the Mediocre Executive his or her clique.

Real Character

The real character according to Goffman is only revealed at 'fateful moments'. This is explored in studies by Woods and Jeffrey (2002) and O'Connor (2006) in the revelation of character in different settings: in teaching and adolescence. They researched what is seen as identity at a fateful moment in time. Going one step further, it could be argued that these two conditions, of character strength and the two types of non-fraudster Executive Impression Management, Respectful, Tyrant and Mediocre types reflect these forms. Goffman considered that the character was instilled in the person and was unlikely to change over time (Goffman 1967). The investigation found evidence of weak characters in the fraudsters, but there was no evidence shown by non-fraudster Tyrant or Mediocre types as the recipients did not witness a crisis moment with their executives. However, as noted in Chapter Two there is some research Konovsky and Jaster (1989) that indicates that there are four categories of impression management approaches if an individual is 'found out' in a public predicament. These include: using excuses, justifications, concessions and denial. It would be expected from this study that the executive using Inconsistent impression management (Tyrant and Mediocre as well as the Arrogant and Likeable Fraudsters) would use such strategies. An executive using Respectful impression management would be expected to only use apologies (Tucker 2006), which implies genuine self-awareness and humility to learn.

This observation concludes the exploration of the executive impression management types and the recipients' attributions of authenticity, morality, trust and self esteem, view of world to each type and strength of character. The next chapter will now explore the five executive management types to generate a possible explanation of executive impression management.

Chapter 6: Discussion

To reiterate, five themes of executive impression management have emerged out of the two sets of data: Their Stories and the Question Data. These themes appear to be differentiated types of executive impression management and are as follows:

For the fraudster executive recipients:

Disguised Inconsistent Malevolent Superior (The Arrogant Fraudster)

Disguised Inconsistent Malevolent Inferior (The Likeable Fraudster)

From the non-fraudster executive recipients:

Consistent Benign (The Respectful Executive)

Inconsistent Malevolent Superior (The Tyrant Executive)

Inconsistent Malevolent Inferior (The Mediocre Executive)

There are three issues concerning the data that must be explored before a framework can be developed, regarding the positioning of the recipient and the executive in their impression management relationship. However before this discussion takes place, there are certain theoretical issues that have come out of the research that informs insight into executive impression management:

- Consistency/inconsistency of impression management.
- Power in the workplace.
- The use of impression management in consensus vs conflict views of society.

The unique focus of the study and therefore contribution to scholarly work is engineering the study from the position of the recipient of impression management given off by executives. The data as shown in Chapter Four are solely from the perspective of the audience. This means that, for the first time, there is an opportunity to discuss what impression management is like from the recipients' point of view.

Unique 'lens' of the recipient

Using the exceptional opportunity of the recipients' perspective, there are theoretical consequences about the view of the recipient for the themes of impression management that emerged from the data. This problem only relates to the four themes of Inconsistent executive impression management (Arrogant and Likeable Fraudsters, Tyrant and Mediocre executives).

If, in a given situation, a recipient is a subordinate and a favourite of an executive giving off impression management (disguised or not), is it possible that this recipient would have described that executive as Benign where others, non-favourites would have described received impression management as Malevolent? Or to put it in the context of the study: is it possible that their 'lens' of the recipient is distorted by received favouritism? Or vice versa: could their lens be warped by non-favouritism and feelings of jealousy?

Reviewing the data and subsequent findings this in fact did not happen. There are reports of others being favourites, but not the recipients themselves:

*You know, she had her favourites, she was allowed to have her favourites. /.../
...Well it was a very exclusive group and I didn't become part of the exclusivity.*

This is in accordance with the literature on favouritism (Dasborough et al. 2009; Fisher 1977; Greenberg, Ashton-James and Ashkanasy 2007; Prendergast and Topel 1996). It is reported that negatively based favouritism (as opposed to positive discrimination measures, for example, to increase the number of women at managerial levels), is typically used by authoritarian managers. It is seen as unfair and the favoured are seen as management 'toadies' (Fisher 1977), also that this practice conceals problems, ignores merit and produces irrelevant performance goals. Furthermore, favouritism works against the distribution of justice in an organisation and the resulting social comparison it elicits and results in stress and feelings of injustice particularly if the issue is handled insensitively (Greenberg, Ashton-James and Ashkanasy 2007). Khatri and Tsang (2003) argued that:

From the perspective of ingroup members, cronyism is desirable as it entails higher pay increases and faster promotions. However, organizational performance may be in jeopardy once cronyism penetrates the organization. We believe that organizations riddled with cronyism are unlikely to be efficient and be able to survive in a competitive environment (p. 298).

Despite the negative impact for the organisation, ingroup membership is rewarded by transactional managers by establishing a sense of trust with followers through the application of conditional rewards (Avolio and Bass 1999) under the guise of patronage (Fisher 1977). Favouritism and patronage therefore seems to not alter the lens of the recipients. Possibly, favouritism would have been disclosed as part of the impression management from their executive if they received such a status, it would have been expected to be conditional and noted in their relationship.

Nature of consistency in impression management

The issue that comes to the fore is that favouritism and patronage only happen with the inconsistent forms of impression management and the resulting managerial behaviour is seen as such (Dasborough et al. 2009). For example the favourite, depending on the needs of the executive, may be quickly replaced with another. Turning to the findings, the executives who had favourites, as reported by the recipients, were said to be inconsistent in their impression management, confirming what Dasborough et al. (2009) had reported earlier. Recipients talk about differential treatment in examples of inconsistency:

...he doesn't actually treat her the way that he treated me... /.../ but you know if you do things like that then you're not going to be favoured afterwards whether you keep your job or not, so either way it was going to be pretty unpleasant for me.

The primary concept that stands out from the findings is that recipients noted the consistency or inconsistency of the impression management that they received. This is significant as it is reported that it creates cognitive and emotional difficulties for the recipient. For example, one recipient reported shock in receiving inconsistent impression management. Consistency therefore seems to be a very important issue to recipients.

This is in alignment with Goffman's self-presentation theory, as consistency is the foundation to impression management. The actor's performance will fail once the audience detects inconsistencies. Goffman tells us that the audience will use tact to cover up any embarrassment for the actor for these reasons: "Audiences are motivated to act tactfully because of an immediate identification with the performers, or because of a desire to avoid a scene, or to ingratiate themselves with the performers for purposes of exploitation" (1959, p. 232). But these are used when there are minor discrepancies. In fact, Goffman explains that we expect the opposite, no discrepancies in the act, referring specifically to social status: "...we expect that the differences in statuses among the interactants will be expressed in some way by congruent differences in the indications in that are made of an expected interaction role" (1959, p. 24). If that expectation is not fulfilled and there is perceived incongruence, the audience will not believe the actor's performance. Therefore, consistency in impression management is paramount. However, for audiences of those executives who expressed inconsistent impression management, congruency was not received. These executives' impression management were reported as inconsistent.

This is an interesting finding as it is also the first indication that impression management can vary by its consistency. It also means that Goffman's theory of impression management is at

risk, as the mainstay of the theory is the audience's responsibility to keep the actor honest, insofar that they will always see through any inauthenticity. In the cases of the executives giving off inconsistent impression management, the audience appears to be unable to be held accountable for their responsibility.

After the shock of receiving inconsistent impression management, the audience is unable to manage the inconsistencies of dealing with the actor in the usual method. They do not, or unable to, take the final step of uncovering the sham. This may be for two reasons as expressed through the recipients' voices:

- The possibility of losing their job if they are subordinate to the executive.
- In the case of the business owners / Board members, want to hold the competence of the inconsistent impression management giver in place to keep the status quo.

Regardless, all recipients of inconsistent impression management are stymied in taking the next step of seeing through the façade and calling off the act. Yet Goffman, predicted that the audience should in fact have the upper hand in the social interaction:

Here I would like only to add the suggestion that the arts of piercing and individual's effort at calculated unintentionality seem better developed than our capacity to manipulate our own behaviour, so that regardless of how many steps have incurred in the information game, the witness is likely to have the advantage over the actor, and the initial asymmetry of the communication process is likely to be retained (1959, pp.14-15).

The result is that the audience ignore inconsistent impression management and classify it in this study as oddness, personality quirks or just being a bad boss. This impedance to impression management requires further investigation.

Consistency is benignly consistent

It is only the Respectful form that executives are seen as consistent in their impression management. This constancy does not change over time, as one recipient noted when working with her executive for 14 years. Respectful executives are described as confident, hard working, of moral character and respectful to staff, as well as being consistent. This finding parallels Block's study (2003) where she found that transformational supervisors were associated with consistency in the organisation.

Not only is consistency consistent, it is also benign. The literature over the last ten years suggests support for the notion of managerial consistency as being a positive condition in the workplace. For performance related criteria, McKay, Avery and Morris (2009) found that

positive consistency from managers' and subordinates' perspectives had higher sales performance than those of a negative frame. And there is some evidence that consistent executives who have consistently minded subordinates achieve expected sales results (Soltani et al. 2008).

For associated characteristics of positive managerial consistency, Sanders, Dorenbosch and De Reuver (2008) found that there was a higher affective commitment by employees within consistent managerial environments. Jernigan and Beggs (2005) found that managerial consistency related to higher moral commitment to the organisation from subordinates. This was expressed in conjunction with showing concern for their subordinate's progress and supporting their staff with other managers as well as satisfaction with the manager's technical competence. Interestingly there is another reference to specific consistency behaviour in the workplace from Geller (1999) who found through focus group discussions that consistency was a component of trust. A commentary from a veteran of 40 years in management consultancy, Norris (2001), found that consistency is the product of a good manager and with consistency there has to be courage. Given the sparse consistency literature, it can be summarised that employees increase moral and affective commitment as well as trust from the consistency of their managers. These findings correspond well to the recipients' reports of their Consistent Benign impression management from their own executive.

The consistency of the Respectful executive impression management is stable even though Goffman (1967) proposed that there would be differences in how people use their impression management with various audiences. For instance, an executive will use one impression management form to his or her Board of Directors, which may differ from the impression management that is received by subordinates (Gardner and Martinko 1988a). However, the impression management used for either audience will still be consistent, despite being a complex social process with variation in content to different audiences. Gardner and Martinko emphasise that to be less than reliable will lead the audience to detect aberrations and therefore see through the impression management and consequently nothing else about this person will be trusted. Therefore consistency in all of its complexity of delivery, is primary.

Malevolence and Inconsistency

There are two types of executive impression management in this study that give out malevolent impression management who are classified as inconsistent, whether disguised or not, that is: the Arrogant Fraudster and the Tyrant Executive. The Malevolent executives' impression management changed over time and were so described in the recipients' interviews. Inconsistency is a solid characteristic of the Malevolent forms of executive impression management. The literature has some support for the negativity that is associated with this type of inconsistent impression management, Tanure and Gonzalez (2007) found evidence in a case study that executive inconsistency in 'discourse and practice' curtailed other support departments' roles in an organisation. Also, Jernigan and Beggs (2005) found that those managers who were not consistent, and 'alienative' to moral commitment, displayed negative behaviour such as being intolerant when an employee made a mistake. In addition, Snell and Wong (2007) found that if a manager was wilfully inconsistent, then these managers were described as unconscientious; helpful to line managers but not to others when the manager is not around; not interested in being harmonious in the organisation and untrustworthy in the stewardship context. Respondents described this behaviour in their investigation as self-serving in some contexts. However, there was a lack of consensus by the respondents in categorising these behaviours.

Lack of consensus in Inconsistent impression management content

As it happened, a result of the sampling by convenience was that in some cases, the owner of the business was a recipient and the executive reported to him or her, and another recipient was the subordinate to the same executive. There was a marked difference in the impression management that was given off and received by these two sets of recipients. It was almost, as if the recipients of the same executive's impression management were of two different people. The executive using Inconsistent Malevolent impression management upwards to owners or Board members was positive and self-serving in content. However, the recipient receiving the downward impression management had negative occurrences. For the benign inconsistent recipients there was a disparity between upwards and downwards impression management again, with ingratiation used in both instances. While this was not a focus of the study, it was expected that there would be some slight differences in upward and downward impression management as mentioned in the literature review (Goffee and Jones 2005), but the overall content would be consistent. However, as demonstrated in Chapter Five, the discrepancies that occurred between upward and downward impression

management only happened with the executives using Inconsistent impression management, not those using Consistent impression management of the Respectful executive.

In the latter case, superiors of the Respectful impression management type received positive content (but not self-serving) as well as the recipient who was subordinate. One of the interesting points raised in the data presentation chapter is that when the executive gave off Consistent Benign impression management, all recipients were in accord about the executive. This could be that these Respectful executives are transparent and trusted, as well as being highly effective, which Norman, Avolio and Luthans in a recent study (2010) demonstrated.

Reflecting on the collective voice, it is as if the Respectful executives are glossed over. Yet when talking about the inconsistent executives, recipients are vociferous. Baumeister et al. (2001) offer an explanation that somehow negative events have more impact on the psyche than positive events of the same type. They argue that:

...good may prevail over bad by superior force of numbers: Many good events can overcome the psychological effects of a single bad one. When equal measures of good and bad are present, however the psychological effects of bad ones outweigh those of the good ones. This may in fact be a general principle or law of psychological phenomena, possibly reflecting the innate predispositions of the psyche or at least reflecting the almost inevitable adaptation of each individual to the exigencies of daily life (2001, p.323).

The Baumeister team reviewed a wide range of psychological phenomena, including impression formation and came to the conclusion that perhaps this is due to evolutionary survival; that to not recognise, for example danger, could have had deleterious results. "Survival requires attention to possible bad outcomes, but it is less urgent to good ones" (2001, p. 325). They raise an interesting possibility that culture may find it useful to promote good events for example, include love, a good marriage and a happy career, than bad ones to generate conformity. And exceptions to this are not treated lightly, with social sanctions in place for instance, being unloved, experiencing divorce, having career failure or non-achievement. These exceptions are labelled as dangerous to the individual's sense of well-being, as these events, in turn, it is argued, threaten the basis of society.

In this study, it appears that the good event here that is promoted by the recipients is working with an executive who is consistent. The attention that the recipients expressed about the executives using Inconsistent (whether Malevolent or Benign) impression management relates to the transgression of the social rule of being a good executive. Recipients have

reported that having an executive using Inconsistent Malevolent impression management in one's worklife means being hyper-vigilant (to avoid wrath), general unhappiness, feelings of not being recognised and / or being emotionally and verbally abused. It would seem then, that the primary characteristic in being a good executive is consistency, which may relate to the adherence to the allegory of consistency of behaviour in society (Boslego 2005).

Consistency relating to social theory

Certainty and consistency is demanded in science, and to some extent in social science. Consensus theory as briefly reviewed in Chapter One is based on social rules, and conformity to those rules would be expected. However, some sociologists of consensus theory do expect conflict, but it is still seen to be harmonious and actually helpful for society in its emergence. For instance, Georg Simmel (1904) saw conflict as an integrating factor, not one of disengagement. He argued that conflict contained in the 'struggle principle' was a necessary part with the 'unifying principle'. To put this very simply, without conflict, society would not unify itself. It is necessary for people to understand bad in order to achieve good, to use Baumeister's analogy. To use the translated words of Simmel (1904)

...it is possible that the hatred of the conquered toward their oppressors may grow to such a degree that it may even be stronger than during the struggle itself, and that it may even be reciprocated not less intensively by the oppressors, because hatred toward him who hates us is a sort of instinctive means of protection, perhaps because we are accustomed to hate him whom we have injured. Nevertheless, there was still in the relationship a certain community, namely, that which begot the hostility (1904, p. 499-500).

Essentially an individual is still connected to the other in spite of showing "hatred and envy, want and desire" (1904, p. 490).

However, conflict theorists would expect all social rules to be broken in the interests of power acquisition. Despite the consensus view of society being seen as the dominant theory of how society works, conflict theorists argue that society operates on conflict. There are power imbalances, which create inequity, which in turn subjugates many and makes managers the puppets of business owners or large corporations. These managers would use transactional behaviours to obtain conformance of workers (Clegg et al. 2006), and yet have positive impression management towards their own superiors, thereby using inconsistent impression management. Conflict theory therefore anticipates executives, in their agency of more powerful interests, to use inconsistent impression management, namely positive upwards and negative downwards to their staff.

However, it can be argued that in the daily running of consensus systems, certain things are lost. Argyris (1980) argues that is because some things become undiscussable and governing values allow unilateralism. Organisations try to smooth over contradictions and strife, as they have an “inability to discuss risky or threatening issues” (1980, p.205). Argyris thought that the problem lay with organisations themselves, but instead found that “It appears that most individuals in our society (and in many societies throughout the world) are taught, through acculturation and socialization, a set of values, action strategies, and skills that lead them to respond automatically to threatening issues by “easing in”, “appropriately covering,” or by “being civilised” (1980, p.205). This is so inbuilt in their socialisation that people are unaware of their learnt responses. Furthermore, “they are unaware that they are unaware” (1980, p. 208).

Argyris and Schon (1974) state that the consequences of their Model-1 theory-in-use (that is, the worldview and values implied by individual’s behaviour, or the maps they use to take action) are that individuals can embark on a range of bad behaviours and inconsistency and be unaware of them. When applied to executives this reflects the Inconsistent impression management and resulting behaviour that was described by the recipients. The Model-1 says that by minimising generating of expressing negative feelings, defensive norms such as mistrust, and lack of risk-taking rule the workplace. Concomitant with Argyris and Schon’s theoretical discussion, a recent empirical study has demonstrated that the negative feelings of CEOs result in less risk-taking (Delgado-García, Fuente-Sabaté, and Quevedo-Puente, 2010), which suggests that affect is also interlinked with this type of behaviour.

While Goffman is accepted as a consensus theorist, he has also been noted as a conflict theorist as remarked earlier in Chapter Two. His micro inspection of the minutiae of daily life allows the power imbalances to be illustrated, for example, with the actor trying to control the audience through his impression management. As Baumeister et al. argued the audience adjudication happens so subtly with the recipients of Consistent Benign impression management that the audience has made up its mind long ago, most likely at their first meeting that ‘all the boxes were ticked’. There is an equal balance of power, which is received, enjoyed and tucked away. Forgotten about that is, until there is an unexpected violation.

The Role of Exceptions

Furthermore, it is the violations to consensus that make the Inconsistent Malevolent and Benign executives stand out. And this is exactly what Goffman saw, that to prove impression management exists in all of our social interaction, it was the violations that should be investigated.

I shall be concerned only with the participant's dramaturgical problems of presenting to others. The issues dealt with by stagecraft are sometimes trivial but they are quite general; they seem to occur everywhere in social life, providing a clear-cut dimension for formal sociological analysis (1959, p. 15).

The finding of Inconsistent Malevolent impression management given off by executives proves that the accepted rule that society is marked with co-operation and reciprocation. Furthermore, it is the exceptions that cause outrage and discomfort to the recipients.

Far from saying that impression management has a failing, the theorist himself, Erving Goffman, had the foresight and intellect to understand that it is the exceptions that prove the rule. And these exceptions are the executives who are the ones creating power imbalances for their own needs. This includes emotional abuse to others as noted by the recipients of non-fraudster executive Inconsistent Malevolent and Benign impression management, taking advantage of the recipient's good nature etc. After some considerable debate, Chriss (1995) arrives at the same conclusion that Goffman insisted upon, that if acting is insincere and inauthentic, it must be coercive. Coercion can be subtle as with the Benign forms or openly hostile as in the Malevolent forms, but either way it transgresses society's norms of social interaction. This state of affairs allows the inconsistent executive to act, secure on their power base of being the person who holds the employees' economic future in his or her hands. It was reported that life was made so miserable by inconsistent malevolent executives that the recipients left their workplace voluntarily and were physically ill with stress related symptoms with no other job in line. Such is the power of the inconsistent executives.

The nature of power used in fraudster impression management

Goffman anticipated control over people through impression management. It is noted that the executives through their impression management also asserted their power positioning to the recipients. Despite the attempt, the final determination of how that positioning is received and evaluated remains with the recipients.

Coercive power

Using French and Raven's (1960) typology referred to earlier, some fraudsters appeared to use coercive power to maintain compliance by subordinates (Elangovan and Xie 2000). Typically, coercive power can result in bullying and sometimes verbal threats, to ensure that compliance is gained from the subordinate. Therefore if a person fails to comply he or she will suffer much stress from coercion and could ultimately lose or abandon their job.

Expert based power

Expert based power (French and Raven 1960) is where individuals use their superior knowledge or skill to gain compliance. Originally this was seen as purely in a positive sense, but later others pointed out that there could be a negative form of expert power. As Elias (2008) states: "...knowledge may be used in such a fashion (i.e. negative expert power) that strictly benefits him or herself, resulting in resistance to the influence attempt" (p. 272).

This is illustrated through the following incidents from the data. There were three owner managers in the study, and they did not suspect that anything was wrong. It was not until one fraudster refused to give reports and another kept on making gross mistakes that after a long period of time, at least one year, and two years in another case, that suspicions started to be aroused. Those suspicions were not of fraud, but only about their competency. And this indicates what the true power was - negative expert power (Elias 2008, Chang 2008). The fraudsters displayed competency at the beginning, indeed were brought into the unsuspecting organisations solely due to their expertise. As long as the expertise was not exposed, the fraudster executives' power base remained intact. The employer wanted to keep them as losing such expertise was, in their minds deleterious to the company. This probably explains why the upper management of the fraudsters kept them in situ due to the fact that their expertise was still valued. One fraudster used this very well to his advantage by protesting that the statutory bodies (for example the Australian Taxation Office) must have their facts wrong and this was believed.

If the owner managers had supervision and accountability protocols in place (Levi 1988; Higson 2000; Coram and Moroney 2008), the problem of using the impression management of competence to hide the fraudulent behaviour would have been discovered far sooner. As it was, the frauds went on for a very long time. Spot audits would have also found mistakes in the books of at least three fraudsters. However, it must be stressed that an outside detailed

auditing process went on for many years for some fraudsters, and it failed to penetrate the negative expert power held by them. One of these 'experts' defrauded in excess of \$15M.

As seen with credit card fraudsters (Chang 2008), the executive fraudsters relied on this negative expert power to pull the wool over peoples' eyes. They also relied on:

- Ineffective review systems.
- Getting rid of the threats of other perceived experts in the organisation.
- Training subordinates to be unquestioning.
- Recruiting compliant subordinates.
- Gibberish to confuse the owner managers. This was used in different ways by four fraudsters.
- Messy, incomprehensible reports.
- Keeping any questions at bay through joking and diverting behaviour.
- Giving reports that only showed half the picture.
- Asserting that other organisations, notably statutory authorities were wrong.

Power for the fraudsters was the tool to organising their fraud. Without negative expert power their Disguised Inconsistent impression management activities would have been quickly exposed.

Referent power

Referent power as described by French and Raven (1960) is a positive form of identification, that followers will comply as they identify with the supervisor. There is an example of the use of latent referent power used in a grooming context in the data. An accountant who used to work with an Arrogant Fraudster, was brought back in to do project reports that the fraudster was refusing to provide. She was not beholden to the fraudster to keep her assignment. It was the owner-managers who would decide whether she remained employed or not. It is still interesting to note the angst that the accountant suffered, and the supposition on the fraudster's part that she would keep quiet about a fraudulent transaction she had found. In that social interaction he was using referent power and hoping that due to their years of working together, she would show some loyalty to him. After an internal struggle of some hours, which demonstrates the strength of the affective power that he had over her (Raven 1993), she went ahead and exposed the fraud on the advice of a close relative who was outside the fraudster's power base in the workplace.

The Likeable Fraudster impression management typically uses referent power to establish control over their subordinates. The case of the executive offering free drinks after work is establishing such a power base. Notably too, when the fraud was exposed, the affective power remnants were so strong that all the staff left over a period of six months.

Chapter 7: Towards a Conceptual Framework of Executive Impression Management

Unlike the uniform approach using demographics, such as the KPMG Profile of a Fraudster (2007), who is described as typically male; 36-55 yrs, financial or operations senior manager etc. There are many reports of differing types of fraudster in the media (Hayes and Prenzler 2003). For instance, according to PFK Partners on the Bytestart website there are four types of fraudster. The Loner, the Manipulator, the Deceiver and the Boaster are described (Bytestart Ltd 2005). However, Levi (1988, 2006) classifies fraudsters by the way the fraudster plans the crime, Levi states that there are those fraudsters who are pre-meditated planners whereas there are those who fall on 'the slippery slope' into fraud.

On a very interesting note, Romney, Albrecht and Cherrington (1980b) may have found the basis of the Arrogant Fraudster and Inferior fraudsters. They posited that there are two types of fraudsters, those who have a criminal history and others who have no history of deviance. This led the authors to conclude:

From this it might be hypothesised that there are two distinct types of criminal who engages in white collar crime as just another in a series of crimes, and the more typical business person who succumbs to pressure or temptation. The first type will steal any time he has the chance; the second type will steal only when the level of desire overcomes his inhibitions. (1980b, p. 54; researcher's italics)

This is the first empirical study that mentions these two distinct types of fraudsters that have been described as such, in the literature review of Chapter Two. This finding from three decades ago may have been lost (apart from Levi's alert above) due to the fact that in subsequent surveys, the fraudster characteristics are gathered together to present a single profile. This has confused the criminologists and auditor academics in stating there is only one profile. Furthermore, for fraud perpetrated by senior managers, that is, executives, there is usually no history of crime for either type (Association of Certified Fraud Examiners 2008). At this point it is necessary to identify the underlying factors at work in executive impression management.

Executive impression management as a core process

Substantive theory building, according to Glaser and Strauss (1967) is based upon concepts and their interrelation into a set of hypotheses, which emerge from the data. This investigation provides a small contribution to substantive theory by developing a framework or core process that emerges from the use of impression management by executives towards their co-workers. There are two relevant aspects that are common to the five types of

Exertion of power in executive impression management

Although the perceptions of Malevolent or Benign are outcomes of the consistency of executive impression management, there is still another dynamic at work in the core process. It relates to the power relationship that the recipients receive through their lens. As Goffman noted:

Regardless of the particular objective that the individual has in mind and of his motive for having this objective, it will be in his interests to control the conduct of others, especially their responsive treatment of him. This control is achieved largely by influencing the definition of the situation which the others come to formulate, and he can influence this definition by expressing himself in such a way as to give the kind of impression that will lead them to act voluntarily in accordance with his own plan. (1959, p. 3-4)

Control and therefore power, are seen as neutral and can be applied for moral or immoral purposes. At this point it is worthwhile to consider the three types of executives: those using The Respectful EIM; those using Inconsistent (Malevolent or Benign) EIM and fraudsters using Disguised Inconsistent impression management.

Power: Respectful

With the Respectful executive impression management the situation is defined through a power relationship of legitimacy and equality (French and Raven 1960) as discussed earlier in this chapter. The Benign impression management's use of power with others is reported as:

...he bases them on their own merits and treats everyone equally.

This treatment is respectful and invites reciprocation from the recipient's own free will:

He treats the receptionist the same way he treats his [business] partner. So everyone is easy. Which is nice.

Equality marks the benign relationship, which in turn induces the control mechanism of consensual voluntary reciprocation:

He can be, [persuasive] if he wants something done. I won't say overly, he does it in a nice way.

Consensual, participative reciprocation therefore, marks the power of the Respectful impression management.

Power: Inconsistent impression management

However, with Inconsistent impression management, the opposite occurs. Reciprocation involves exercising control over recipients. The executives using Inconsistent impression management do not use equality or consensus; they use coercive power (therefore

inequitable), either subtly (the Benign form – The Mediocre) or overtly (The Malevolent form – The Tyrant), to make recipients do what they want them to do. Some recipients reported that these executives were trying to be superior to make them do things.

He took great pride in thinking he was like my mentor and he was teaching me and all this...

Other executives are cited as using a cleverly restrained form of coercive power by making themselves appear inferior to the recipient to create reciprocation.

Goffman argued that the checks and balance to the power arrangement of impression management would be that recipients would detect the relationship being imposed and respond appropriately. No matter how the originator may wish to have her power acknowledged through the use of impression management, the final decision rests with the recipient who has the right to agree or disagree with their power relationship. In an equal and just world the recipient can choose to end the relationship. However, this is not the case in inequitable relationships, no matter how much the recipients counter. Goffman describes this well in *‘Asylums: Essays on the social situation of mental patients and other inmates’* (1962). Recipients are locked into reciprocation, which generates all sorts of passive-aggressive behaviours for example, ignoring what has taken place, or in the case of mental patients outrageous actions to try to seize control of the power of the interaction.

Power: the fraudsters

Fraudsters however, use the Consistent Benign impression management of the Respectful EIM as a disguise but it is the power relationship that they assert that demonstrates their Inconsistent impression management. For example: at discovery; to certain subordinates who are groomed to receive favours; or, to others who are seen as of no use in their game plan, therefore treated inequitably, even though they attempt to maintain the Consistent Benign impression management to those who are important to deceive.

A small example of the disguised coercive power is seen with the recipient who knew that the fraudster had taken advantage of his position by buying a more expensive office chair and lied to cover his actions (an inconsistency):

Yeah, but again I didn't at that time, you know, argue with him, or disagree because [of] what he was doing, I didn't interfere with his work.

This quotation reveals the inherent control being exerted over the recipient, as it appears to leave the individual with little choice but to go along with the outcomes of her executive's

impression management. The fraudster's power is in terms of coercion. Looking at the different mechanisms of power produces an understanding of executive impression management (see Figure 27).

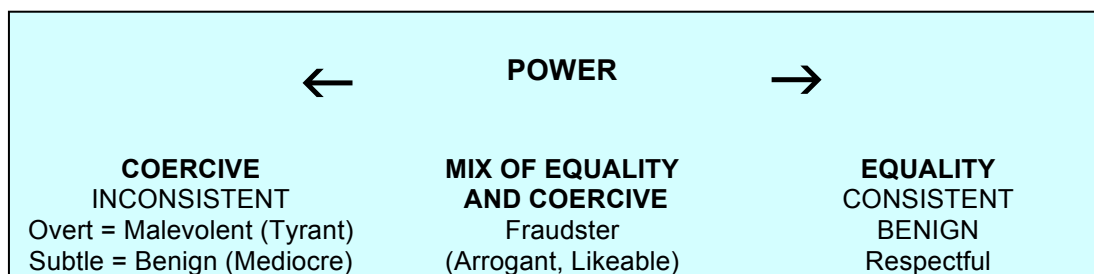


Figure 27. Power mechanisms employed by executives using differing Executive Impression Management

Respectful (Consistent Benign impression management) executives employ equality as their control mechanism and rely on consensual and voluntary reciprocation. Inconsistent Malevolent and Benign impression management executives use coercion to produce the Tyrant's recipients' reluctant but still voluntary, reciprocation, and the Benign form in the Mediocre EIM a skilful balance of favourites and outsiders. The fraudsters EIM will mostly use consensus but in certain circumstances fall back on coercion as their modus operandi.

Power: Inconsistent subtypes: Tyrant and Mediocre

Two variations of Inconsistent impression management emerged. There is a Superior quality to it as well as an Inferior (see Figure 28). The Superior form is identifiable by their seemingly open coercion of recipients by the Tyrants. In the study they used arrogance and maintained a successful appearance. With the Inferior form, the executives used a benevolent façade, attention seeking and protecting their self-image.

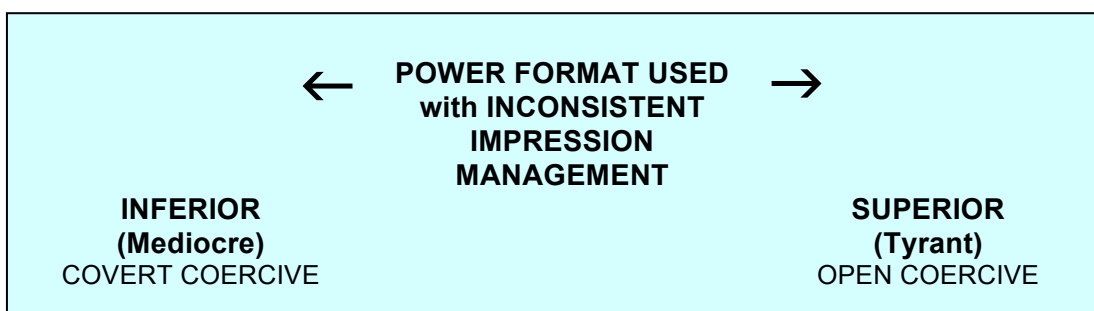


Figure 28. Dimension of power relationship (exerted on the recipient) of Malevolent and Benign Executive Impression Management

The Inferior relationship formed by the Mediocre executive impression management is just as coercive and controlling as the Superior form exerted by the Tyrant, as it is still inequitable using appeasement etc. to achieve their aims. It is very effective to gain the recipient's response unwittingly to the actor's purpose. For the recipients in the study, there was no middle ground for executives who were seen as inconsistent in their impression management. They were either situated Superior or Inferior to the recipient.

Fraudster: Arrogant (Superior) and Likeable (Inferior)

Of course, this lays another burden upon the fraudster in their disguise as they are either at heart, Superior or Inferior in their impression management. The Inferior Likeable type comes the closest to using the repertoire of a Consistent Benign (Respectful executive type) but again, cannot keep this up over time or for all people, so they are inherently inconsistent. Favours, breaking company rules were the forms used by the Likeable Fraudster, whereas the Arrogant Fraudster used arrogance to maintain and support superiority over the recipients.

The key analytical insights for the Inferior theme are that the impression management is markedly benign to recipients, also the disguising aspects of the Inferior are restricted to covering the fraud only. There was no indiscriminate lying reported but there were appeasement behaviours. Their stress centres on not measuring up to the role expectations and being found out, rather than creating the successful image which Superiors tended to do. In addition, expressing unhappiness was not mentioned about the Superior fraudsters either. Finally, there is a complete absence of any display of superiority to the recipients of the Arrogant Fraudster impression management, more a display of being humble.

The interrelationship of consistency and power

It is hereby proposed that there is interplay of consistency and the usage of power in executive impression management. This leads to a formulation of the core process at work in the reception of impression management. The construction for the overall core process of the Executive Impression Management process as emerged from this study, is outlined below.

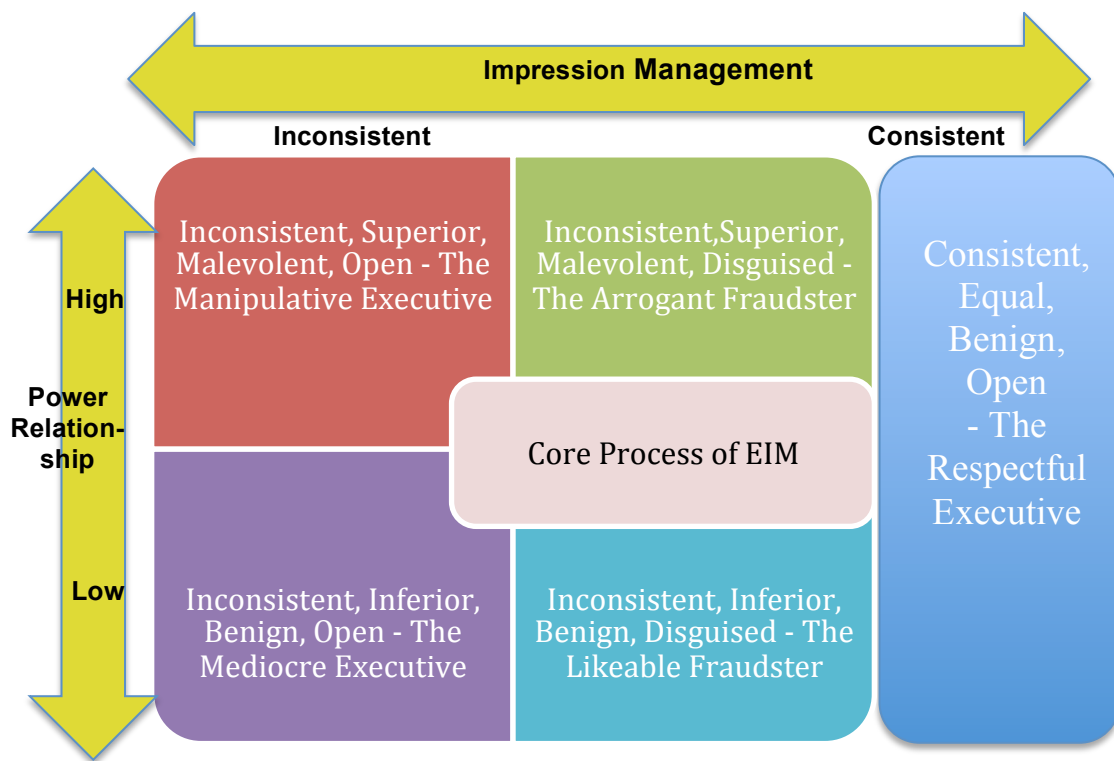


Figure 29. The overall core process of Executive Impression Management.

The relationship that the executive exerts in impression management gives the tone or style to what is received by the co-worker. If the impression management is truly consistent (upwards or downwards) the recipients perceive the executive as benign. They are viewed as good managers with good work practices, show respect to the recipients and trust them accordingly. The recipients would reciprocate willingly to the invitation of equitable power. The problem is that they mimic the Respectful executive, and it is small inconsistencies over time that reveals the proposition that the executive may not be benign, whereas the Respectful is unwaveringly consistent all the time.

If the impression management is inconsistent the recipients' perception is of inequitable power and accordingly, of open or underlying malevolence towards themselves or other co-workers. This malevolence is always seen as divisive and abusive. Recipients cite that these executives are working to their own needs, rather than those of the organisation.

Placed in the middle of the Consistency axis are the fraudster executives who fall into the Inconsistent Benign category but used Consistent Benign of the Respectful executive impression management as a disguise for their own version of malevolent intentions, that of

fraud. These executives are placed in the central area, as they were seen to be consistent at first, but over time inconsistencies appeared. In some ways, the fraudster executives' impression management is extremely malevolent in their intentions as they cause great harm to the organisation. However, what is being measured in this core process of impression management is the degree of inconsistency, not the malevolence itself.

Regarding the two types of fraudster executive impression management, that is Superior and the Inferior, with their different impression management tactics, both are very harmful. The Superior demonstrates arrogance and emotionally abuses staff to maintain control, whereas the Inferior fraudster impression management style utilises appeasement behaviour, being loved by the staff, which is highly effective as the recipients willingly comply.

Literature on two factor frameworks

This is not the first two-factor framework of impression management. Leary and Kowalski (1990) suggested a two component model based on two discrete processes, namely impression motivation and impression construction by the actor. Whereas specifically in the managerial field, Shore, Bommer and Shore (2008) discuss how managers measure and use affective and continuance commitment impression management given by employees.

Utility of the core process

This study is the first to report differentiation through identifying types and attributes of executive impression management from the recipients' point of view. From the data, it has been possible to identify consistency and power relationships as central to the executive impression management process. However, there are no other studies available to embed this in the literature, apart from what has been raised in the issues section of this chapter on consistency and power. This may be because few studies have come from the point of view of the recipients of impression management. Ginzler, Kramer and Sutton (1992) developed a model of how an organisation's (outside) audience will interact with the organisation, but this audience is able to 'call the organisation's bluff' and does not have to stop due to the power of being terminated. Other research when dealing with audience is primarily focussed on the status of the audience, which influences the type of impression management that is given by the actor (Gardner and Martinko 1988a; Gardner and Avolio 1998). For instance, high status audiences receive more Machiavellian impression management from actors (Weinstein and Beckhouse (1966). However, this does not inform the present discussion on

the recipients' point of view. An extensive literature has taken place on these items, and apart from what is cited there are no other indications of literature applicable to the model on the core process of executive impression management. Essentially the audience is not able to reciprocate in the usual manner, due to the power hierarchy of the workplace and therefore distortions occur in the impression management process.

Workplaces as imperfect environments

What is different here from daily self-presentation is that executive impression management is tied to the power structure of a workplace. The workplace is the theatre where the actors are on stage, with various types of audiences observing their performances (Collinson 2006). In ordinary, day to day impression management, the audience is able to play the role of check and balance to the actor's performance, by not only evaluating what is being acted in front of them, the controllable part of the actor's performance but also what the actor is 'expressing' or 'giving off' inadvertently (the uncontrollable part of the performance). Once the two parts of the impression management are evaluated as analogous, the audience will accept the performance. In the workplace though, the theatre is different. Because of power distortion in the workplace, it is quite possible that a different type of impression management could occur. For example, gender differences in impression management in the workplace have been identified in a review of the literature by Guadagno and Cialdini (2007) as a different form. Developing five concepts of executive impression management that are workplace linked is therefore in tune with the special power dynamic that can occur.

The actor who is presenting in front of a recipient may very well have power over that person by virtue of the ability of being able to dismiss individuals from their position (French and Raven 1960, Gioia 1983). As workplaces are hierarchical, there is always someone above a recipient until the top role is reached, and even there a Board of Directors is answerable to shareholders (Vredenburg and Brender 1998). This means that almost everyone in the organisation has some extra power that a normal audience does not possess and the higher up that person's role is the more power that person has over the lives of the recipients. Therefore, if a higher executive does not act well to a recipient in an impression management sense, the recipient's reactions are limited (Collinson 2006). Thus the normal role is altered, the recipients are unable to articulate disbelief during the performance, which has been noted to cause stress for the recipient (Elangovan 2000).

Review of impression management and other theories

Several theoretical frameworks are used to understand fraud, as reviewed in Chapter One and Two as well as the review of impression management theory. In this section, the findings are discussed in relation to these theories.

Usage of impression management theory by conflict and consensus based theorists

In the literature review there developed two schools of usage of impression management. The consensus based theorists and critical theory, which focuses on power relationships. One aspect that emerged from the data, is that the fraudster executives used power for their own advantage. Social exchange theory predicts reciprocity (Emerson 1976). There is none received according to the data but the audience maybe satisfied that there is an implied reciprocity in the Arrogant Fraudster impression management. This is reflected in the Emperor's New Clothes fairy tale, whereby the tailors who are the fraudsters used power over the Emperor and his courtiers by knowingly fabricating a story that anyone who could not see the new cloth was unfit for high office and stupid. This co-opts their own power into the new cloth, which enables the tailors to succeed in their fraud.

If the Arrogant Fraudster cases are considered, each employed power in their own ways for malevolent purposes. One gained it through community positions and support. Another gained it from younger employees and PhD students who were sponsored from India. One used religion for power, and another deliberately used his position where the owners and employees had little managerial knowledge and he could use jokes and deflective tactics to never be questioned in his work. The authentic reciprocity was not there in each case, as they used the power that they sought to be installed and remain above their normal rank. In consensus society, fraudsters would be deferent to their bosses, heads of units would be compliant to their headquarters, and religious people would surrender to their God. To do otherwise is labelled as deviance (Horowitz 1962).

Using critical theory in impression management, there is an allowance, indeed expectation that some people will wish to dominate others for economic gain (Gardner 1992). This fits the fraudster data better. The Arrogant Fraudster fraudsters acted entirely as would be predicted by critical theorists, in that they sought personal wealth and attained it by the subjugation of others. The theorists view conflict as a fact of life. However, it is not a perfect

fit with the fraudster's behaviour encountered in this study. Critical theory allows the means to an end for those who are treated inequitably in society. Nevertheless, in this study the fraudsters did not come from poverty in fact quite the opposite. One fraudster came from a wealthy background, another was given many extra benefits by his parents as compared to his siblings, a third came from a land owning family, and finally one fraudster had an established status in local society.

Impression management as an activity fits both consensus and conflict theories. Consistent benign executives are those who reciprocate in society and by social exchange theory would expect reciprocation in terms of referred power, invested by those around them in the organisation. And those who give inconsistent impression management will be found out by their audiences, if given an equal world in the distribution of power between actor and audience.

Possible reasons why the previous literature does not fit

As referred to earlier when comparing executive fraudsters with non-fraudsters, the recipients did not observe theory predictors as outlined in earlier Chapters. As expected, non-fraudsters were more detectable in regards to morality, but fraudsters were better at displaying authenticity to the recipients, which has been assigned to their disguising activity. It was in their interest to promote authenticity to the recipients with overtones of attributed trust.

The surprise though is looking at Table 16 below, that the non-impression management theories were not upheld by the recipients, namely: psychopathology, social psychology and the Red Flags. There are some slight differences of the rate of detection between the theories, with the Red Flags the least noticeable by recipients of fraudster executives. Red Flags do not appear to indicate fraudsters. There were a small number of predictors showing in the Consistent Benign executives group of recipients, for example, marital difficulties and works long hours, but very few indicators.

Table 16. Likelihood of fraudsters and non-fraudsters exhibiting signs of different literature based explanations, according to the recipient co-workers.

Type of theory	Overall responses	Comment
Impression Management:		
Morality	Medium	Non-fraudsters are moderately more likely to be more detectable of their morality in recipients' eyes.
Authenticity	Medium	Fraudsters are moderately more likely to be detected as authentic.
Psychopathology	Low	Fraudsters are slightly more likely to be detected as psychopathic.
Social Psychology	Low	Fraudsters are slightly more likely to be detected using Social Psychological indicators.
Red Flags	Lowest	Fraudsters are only very slightly more likely to be detected through the Red Flag approach.

When the subgroup of fraudsters is inspected separately there are even fewer signs to their co-workers that they fit within these predictors, but then, they are the masters of disguise out of all the Inconsistent types in their Executive Impression Management and this would be expected to some degree. However, when these data were reviewed for the comparison between the Respectful type and all Inconsistent executives' impression management both fraudsters and non-fraudster executives, these predictors were more prominent for the executives using Inconsistent Malevolent form of executive impression management. Indeed, recipients of the non-fraudster executives using Inconsistent Malevolent or Benign impression management assigned the list of predictive behaviours in the semi-structured interview guide more to executives using Inconsistent impression management than the fraudster group of recipients.

What was unanticipated in this result is that so many of the executives using Inconsistent Malevolent, The Tyrant impression management of the non-fraudster executives group were assigned Red Flag predictors by the recipients. This leads to a possible explanation why the different theory indicators do not work. The scholarly work on Red Flags has resulted in varying results of any of the predictors when applied to fraudsters (Pincus 1989; Zahra, Priem and Rasheed 2007), bearing in mind that personal characteristics are only a small part of the many items on the Red Flag list. And even one of the originators of the Red Flag approach has questioned their efficacy, as there are very few studies that have validated them (Albrecht, Albrecht, and Dunn 2001a). Yet many scholars and practitioners urge the use of Red Flags (see Grabosky and Duffield 2001; Protiviti 2000; Weisenborn and Norris 1997) as well as the top four accountancy firms and professional associations like the Association of

Certified Fraud Examiners and are enshrined within the recent Securities and Exchange Commission rules in the United States.

The researcher is reminded of a fraud seminar in Switzerland in 2007, when she heard a prominent European fraud investigator say that when the list of Red Flags is reviewed, particularly the personal managerial characteristics, some of them would apply to the honest executives that were in the room, as well as to fraudsters. This uncomfortable insight has some merit when reviewing the predictors that the recipients assigned to their executives in this study. Furthermore, it is possible that auditors may well have a very difficult time to identify fraudsters using the Red Flags personality characteristics because of the applicability of the Red Flags to all executives who exude Inconsistent Malevolent impression management – a mixed group of Tyrants and Arrogant Fraudsters that does contain fraudsters but which also includes other, non fraudulent executives.

The fraud predictors that reflect the Inconsistent Malevolent Executive Impression Management the most, are the Social Psychological factors of sociability, persuasibility and manipulation with depression being the least noticed by the recipients. This is closely followed by authenticity factors, which reinforces the earlier view in this study that some executives use Inconsistent Benign impression management to engender trust, which they use for their own malevolent purposes. Signs of Psychopathology, the Red Flags and Morality of their impression management predictors were the least seen by the recipients of executives using Inconsistent Malevolent or Benign impression management.

Reviewing the fraudster recipients on these items, - Superiors show a sense of superiority and arrogance, but Inferiors do not, which puts a strain on narcissism's explanatory power of fraud in previous research. Psychopathology appears to be a better fit with the Superior Arrogant Fraudsters. Whereas the fraudsters using inconsistent benign impression management –the Likeable Fraudsters are closer to those described by Cressey with the unshareable problem, opportunity and rationalisation of the Fraud Triangle (1973). As they appear to work in an organisation for many years without committing fraud, some as long as twenty years as recorded in the media, just needing the trio of circumstances: unshareable problem, opportunity and rationalisation, to fall into place.

Finally, the issue of tips and hotlines is revisited. The Emperor in the fairy tale was a powerful but vain figure, however the real power in the story lay with the two tailors. They were able to weave an illusion that held up over many weeks as the magic cloth was woven.

It was their impression management of the Disguised Inconsistent Malevolent-Superior type (Arrogant Fraudster EIM) that was used to carry off such an ingenious and audacious scheme and was so convincing that they were believed by hundreds of people. The little boy in the crowd was outside of the tailors' power base and simply called it as he saw it. This gives the explanation of hotlines credibility for those who are outside the power base of the Arrogant fraudster executives but gives as understanding to why they are not used by others.

The contribution of impression management to understanding executive fraud

Sociologists have taken the lead creating theory for white-collar crime in general, and for fraud in particular, notably Sutherland and Cressey. In this study Goffman's impression management theory was used to explore the different behaviours that are committed by executive fraudsters by understanding the illusory mechanism that was layered over executive behaviour. It was found that there were two types of impression management Benign and Malevolent when comparing the two samples of recipients of fraudster and non-fraudster executives. The Respectful (Consistent Benign) impression management was accepted and reciprocated by a happy staff willing to work with an executive who was honest and open. However, executives, who were meeting their own needs and not organisational goals, used Inconsistent Malevolent or the more covert Benign impression management. Recipients reported damage to their self-esteem and lack of trust after working with such executives. Self-serving managers were difficult enough to deal with, but coupled with an illusion from the Arrogant Fraudster executive, the fraudsters, had far worse consequences for the small business itself, the owners and the individual staff.

This new piece of the jigsaw regarding executive fraud is due solely to Goffman's insights and intuition by inspecting exceptions to his theory of impression management. If this study had not focused on impression management, the findings of consistency and power as the basis of executive impression management would have not been found as quickly or indeed at all. It must be said that any value of this thesis to collective understanding is directly attributable to Erving Goffman in his awe-inspiring work, without which the study could not have occurred.

Chapter 8: Conclusion

Overview

The study was able to investigate the impression management of two groups of executives, named fraudster and non-fraudster from the recipients' point of view. Being a qualitative study the research effort was exploratory as there was no previous empirical research of executive fraud and executive impression management upon recipients.

Five executive impression management themes emerged from the data. These were interrelated into a conceptual framework by two major themes of consistency of the impression management or lack thereof, and the power relationship as exerted by the executive in his or her impression management to the recipient. It was found that there were three forms of impression management used by non-fraudster executives: those using Respectful executive impression management (Consistent Benign) were referred to as good managers by the recipients, and those using Inconsistent Malevolent or Benign were seen as poor managers. Generally, those non-fraudster executives using Inconsistent impression management controlled reciprocity through an inequitable distribution of power in their impression management, which served the needs of the executive, not the recipient or the organisation. Those recipients who fell foul of this type of executive reported long term harmful effects.

The fraudster executives formed a subgroup of the executives using Inconsistent impression management. They adopted a camouflage of Respectful (Consistent Benign) executive impression management to their recipients, which was named as Disguised Inconsistent impression management. How the recipient perceived the power relationship from the fraudsters' disguised impression management enabled the development of two further categories: the Disguised Inconsistent Malevolent, The Tyrant and the Disguised Inconsistent Benign Inferior form – The Mediocre. These could be described in some detail from the data.

It appears that the workplace distorts the normal impression management process as described by Goffman, through invested power conferred upon executives by their status in the organisation. Therefore fraudster executives were able to hold power downwards over their subordinates. Similarly they held power upwards too over their line management and Boards of Directors, by using expert power and the impression management strategies of self-promotion and sometimes ingratiation.

Attributions of morality and authenticity were also studied and it was found that fraudsters in particular traded in trust - the foundation of authenticity. The disguised impression management engendered trust so well that it lasted for many years in some cases, resulting in disbelief by the recipients when the disguise was shattered at the moment of discovery of the fraud.

Goffman's prediction of the individual's true character being revealed in a moment of crisis, was borne out by the witnessing of the moment of discovery of the fraud where flashes of fear were apparent, indicating the fraudsters' weak characters. However, for the recipients the unfolding of the fraud left them with emotional harm, notably broken trust, which resulted in most staff leaving the workplace and sometimes even changing careers. The non-fraudster Inconsistent Malevolent or Benign recipients also suffered some emotional damage and left the workplace as soon as possible too, finding working with an executive giving off Inconsistent impression management of either type Superior – The Tyrant, or Inferior – The Mediocre, was found too difficult.

The prominent fraud theories were also investigated by using a semi-structured interview and there was some indication that the fraudsters traded on authenticity more than the non-fraudsters. The fraudster executives were difficult to detect in their impression management, particularly as the Red Flags seemed relevant for executives using Inconsistent Malevolent impression management, not just fraudsters. Hence the difficulty in detection as non-fraudsters triggered these indicators as well as fraudster executives.

It was found that for recipients of fraudster impression management, it was the small lapses in consistency demanded by the fraudsters' disguise as an executive exuding Respectful (Consistent Benign,) impression management were the only outward indicator of an executive fraudster at work. These lapses were never seen as possible fraud indicators as they appeared only odd or idiosyncratic and were accepted as part of that executive's behaviour.

Limitations

This study is a qualitative exploration and cannot be generalised to other populations. The samples were small for each group of recipients, and they were 'convenience' in design given the considerable effort in obtaining access. A great deal of difficulty was experienced

finding the fraudster recipients, as large organisations refused to co-operate. This led to a tendency for the sample of fraudster recipients to be from smaller organisations. However this occasioned additional insights into this sector of the economy. It exposed how vulnerable small medium size enterprises are to one particular type of executive fraudster, those using Arrogant Fraudster impression management.

Another limitation to the study is that it is Australian in context. Drawing cross-cultural comparisons would be inadvisable due to the differences in the workplace in different cultures. These limitations however, lead to recommendations for further research.

Further research

It would be relevant to develop a study for cross cultural comparison of the five impression management types and of the two fraudster types in particular, to investigate if the concepts and the framework possess a similar illuminating power in other cultures. Further studies into larger organisations would be of assistance to understand how the executives using the Arrogant and Likeable Fraudsters' impression management and the Tyrant and the Mediocre types of executive impression management exist under those conditions. As the damage that is caused by executives using the Arrogant Fraudster and the Tyrant's Inconsistent Malevolent impression management is reported by recipients to be significant, by both fraudster and non-fraudster groups of recipients, in financial and emotional terms, it would be very worthwhile to investigate this executive impression management type further. There are implications for organisational change management and also for the education and training of managers per se.

Overall, the study has been able to look at the exceptions in impression management, as Goffman himself studied, and has achieved identification of executive impression management in general, a hitherto unknown phenomenon and of the executive fraudsters in particular.

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APPENDICES

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Appendix A: Data Presentation

This Appendix offers the remaining data that has not been included in Chapter 4. In presenting these data, efforts were made to also reduce duplication of the original codes as well as what is cited previously in the thesis, so that there may be say 16 codes but only 4 are given here as the other 10 are duplicate in meaning and two are in the main text.

Fraudster Executive Impression Management Findings

Theme 1: Disguised Inconsistent, Malevolent, Superior, Their Stories

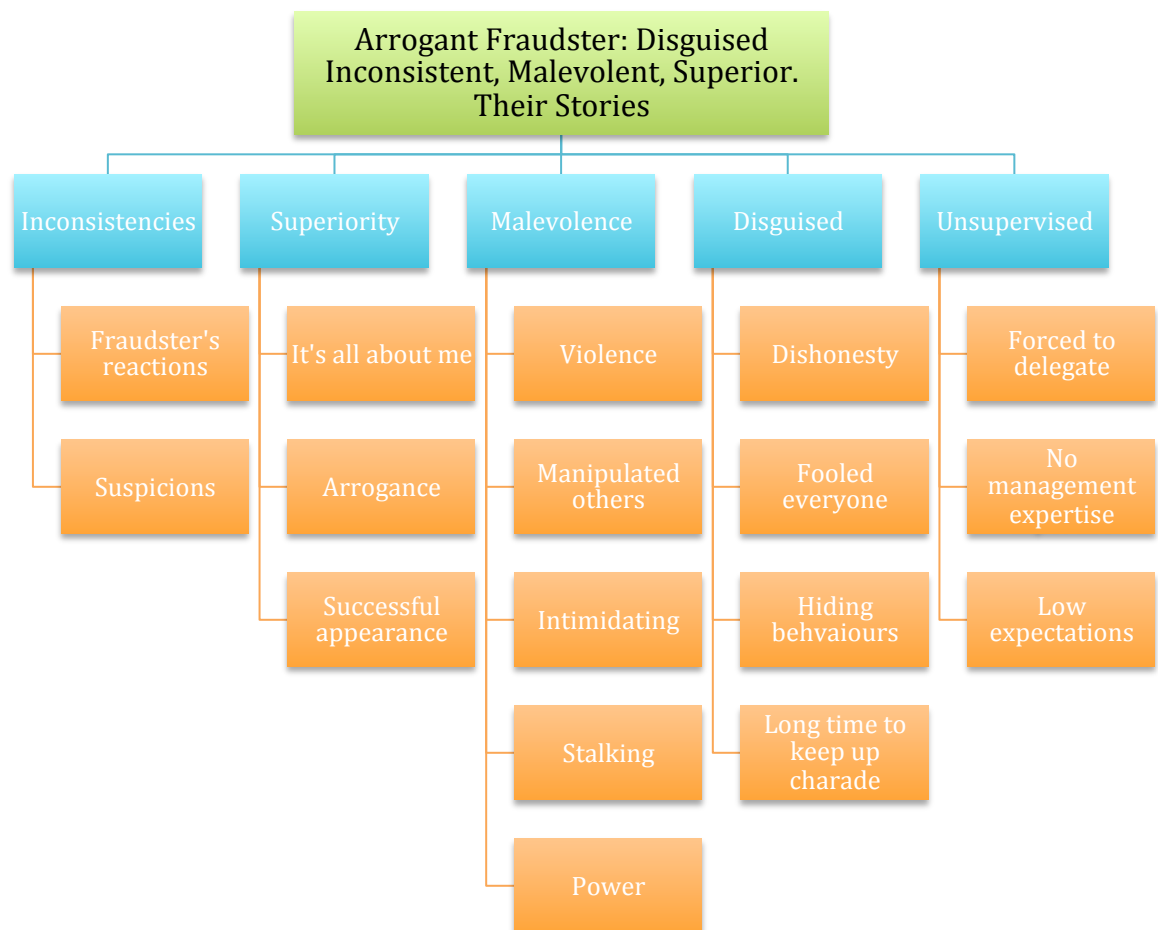


Figure 30. Arrogant Fraudster Theme, Their Stories

Inconsistencies

There are two categories of meaning:

- (i) how the fraudster reacted to demands (in text) and
- (ii) suspicions.

Suspicious

Suspicious generated 12 codes in total.

There were lots of little incidences. And that was what probably prompted me to put a trainee on in the first place... /.../ I remember at one point when I said "...Look at it once a month and she will do all the books and payroll"

Superiority

This construct has three categories:

- (i) it's all about me;
- (ii) maintaining a successful appearance and
- (iii) arrogance.

It's all about me

This category generated four codes in total.

I remember her being just friendly and just wanting to be liked

Arrogance

Superiority had six codes:

Yes, a bit arrogant maybe I would say, kind of that proud personality... /.../ But then when he was in the position, he was more like "I'm the boss now" /.../ He never did that when I went back there which I don't understand why... He knew I was going back there and he could have deleted everything. He could have made it a lot harder; he didn't.

Successful appearance

Having a **successful appearance** generated 20 codes in all.

Professional image:

So we did develop a system which um... er...sort of promoted her as the focal point in the hub sort of, for everything.... /.../ We'd sort of put, one of the accounts, we had a payroll person and like a receptionist come creditors debtors. So he did he had two people. /.../ She was pretty well groomed and dressed... /.../ He could smile and he had a broad smile and a vibrancy in his eyes.. Sure. /.../ He wasn't a Joe Average. He didn't have a large nose or pocked mark face, or dark circles under his eyes. There was no physical abhorrence at all. /.../ Absolutely [look the part], ...he set up a range of different companies ...and in the end he had about a half a dozen staff. Spread across two offices...

Reputation, qualifications and education:

But I knew him from previous dealings with these other firms ...he was pretty competent ...for many many years. /.../ That was the thinking of it at that time. In effect we just agreed. I'd spoken to the principals of the other firm as well and said this is what we are thinking of doing. They said ...she's good and ...she's had pretty

much got the run of the place and we've never had any dramas...

Malevolence

Malevolence has five categories of meaning:

- (i) violence (in text)
- (ii) stalking;
- (i) cloaking power;
- (ii) intimidation, and
- (iii) manipulated others.

Stalking

Stalking generated 21 codes.

Regarding the *victim*:

So he saw us straight away as a target. /.../ And I remember so vividly that he then got up out of the chair and closed the door, and said "I'd really like to work for you guys" /.../ It wasn't as if it [she] was an unknown. /.../ [He was] a fraudster to other unsuspecting purchasers of their software. And we are not the only ones in our region who he touched up. /.../ He defrauded them [as well].

Being useful:

I thought also that there maybe times, for example,... where we were in an overload, or had staff off or sick, or whatever, where we could utilise him up here as well...

And talking their way in:

...one wondered how that accounting software company could have been recommending ...a convicted criminal for fraud. /.../ I could imagine [the fraudster] talking himself up and I'm so wonderful especially in front of the girlfriend who was friends with [the employing Director] and his family. Very much so, like you need me I've done all this study and I'd be really great. /.../ ...he was probably more like the rest of them...

could not believe:

[The fraud] went on from the time I started there just about. It was only... after those ladies left, it was a couple of months that he started. It was almost like he planned it. I'm not sure that he did. I don't know. I tend to think good of people. I can't say that he chose to. Cause ...there was like a personal link there. So I can't imagine that he would have gone with this preconceived idea that I'll go there and rip these guys off something terrible.

And targeting:

Because it always struck me as strange that a young guy with an accounting degree, ...he was always "I'm such an achiever and I'm so clever" It was like why would he have stayed there? It was because he was making so much money.

Cloaking power

Cloaking power generated 17 codes.

It wasn't around a quiet time that the other ladies were laid off but I am sure with hindsight I guess you can see reasons for it so whether he planned or not ... with them gone it was like "look what I can do" and he's only got stupid me, naive blinkers on, no idea to check up on him - which I had no ability to check up on him...

Chauvinism:

It would be fair to say that as he got older he got worse. We noticed it more. /.../ Not as severe as he portrayed that he was with his girlfriend, but certainly he was [chauvinistic]. Yeah. Bit of an arsehole sometimes, some of the comments he'd make. /.../ ...although a couple of functions... a couple of people afterwards and my wife was one, said that they thought [the fraudster] was a bit sleazy., saying things he probably shouldn't have said... But there was that perception.

Positive controls

It was pretty cruisy,

Using leadership positions as control:

I think he was asking or wanted this kind of leadership positions. The power and the control... yes. /.../ He was busy... He was entrenched. He was there from Day One, he set up all the systems.

Refusing to train people further to maintain control:

...I know now why I wasn't learning any more because he knew I would find out what he was doing no doubt...and that was the reason I left. I said okay I am studying accounting, I'm half way through my course, I know all this stuff and you're not letting me do anything. I'm bored now and went on and did something else.

Intimidation

Malevolence also includes the category of **Intimidation** of three codes.

But these other people were young people, yeah... and I do recall that some of them felt physically or verbally intimidated by him"

Manipulated Others

This category of meaning has five codes.

...but [the fraudster] definitely made it clear that that was the house, because he would turn up to work and say I've been at the house and I've got to organise this and gotta organise that, I mean he manipulated one of the estimators. Did [the boss] tell you about him getting one of the estimators to order all his roofing for him? And poor H, was such a nice guy. ...he would be all nervous and stuff, so I think [the fraudster] going in there and saying "Oh yeah, H, [the fraudster] said, that's okay you draw up my roof for me and order it.... [the fraudster] got one of the estimators to sign off on the order. So there's nothing he wouldn't do to risk getting another person into trouble. Oh just brush it off, no worries.

To being *charming* to get what was wanted:

He would try the charm on.

Disguised

The seven categories of meaning that make up **disguised** are:

- (i) dishonesty;
- (ii) fooled everyone;
- (iii) hiding behaviours and
- (iv) long time it took to keep up the charade.

Dishonesty

This category generated 17 codes including the *technique of the fraud, frequency and amounts* and *implicating co-workers, lying and taking advantage*:

How the fraud was done:

He took money from our general account, in a relatively clever fashion in the sense that any power bill or phone bill was paid, always incorporated her bill. So that she would physically write a cheque to [the local electricity utility], for \$372... What we didn't realise was that when she sent the cheque she would include obviously her chit in it, as well as ours and be paying both on the one cheque, so they got the right amount on two invoices... we know that a lot of clients paid things in cash. Particularly old farmers would pay things in cash and so forth, so we never saw anything of that. /.../ But I think the \$4M decision was X's signature and all that. /.../ He would go very often to [another manager] and ask you know, opinion, and they came with this car loan scheme and others schemes. /.../ The money that came in... was just over \$58,000 '\$AU'. It came into our account and he appropriated the proceeds... Some of it was to cover up some transactions being done...

Frequency and amounts of the fraud:

It was very much lower at the start, little bits, a thousand, five hundred and... if you start off I'm sure at \$500,000 and sort of ticking over fairly constant and then there was the credit card, it was like he was paying off his own credit card which could have been a couple of thousand dollars. And then they got a big job and its pretty widely known that there's one type of job that they do that they make money on... that went on for twelve months whatever and that's when he really hammered it. All the profit from this big job that they had, he was just taking. He kept their profits on paper looking the same every year, ...but they should have been making huge amounts of money because... I reckon he took, hundreds of thousands of dollars in one year.

Implicating a co-worker:

Ms A, ...\$300 she got paid part of this [stolen] money. In fact we thought that A might well have been implicated by that, because of some of this... he never had money, so A lent it to him and he said "I will pay you back later". Which is exactly what happened [out of the company's funds].

Lying and taking advantage:

It's so easy to convince ...tradesmen they put their trust in people you know and they have to... They don't have the opportunity to better themselves I guess unless they have good support.

Fooled everyone

This category generated five codes:

...we did have a lot of trust [in him] in paying creditors. So. Yeah it was sort of hidden, ...none of us gave it a second thought. He certainly had us all fooled. /.../ Ohh, I wasn't looking for [aberrant behaviour]. He took great pride in thinking he was like my mentor and he was teaching me and all this, but between the two of us we did all the work on the finance and administration side...for four odd years at that time.

Harmless

Harmless generated 16 codes.

She might have pocketed stuff that we never knew anything about...There was never any evidence from us. And never anyone...I mean I never had anyone that knew and come to me and say. You know, "Look we are a bit concerned about what happened in this transaction" or "We don't think that this was handled properly in the sense of..."

Being seen as harmless made *the employment decision* easy:

Well [the employment decision] seemed appropriate then. /.../ So that was an easy outsource, easy decision to make. /.../ [Regarding criminal past] Not that we know of, not that the police know of. He didn't have a criminal record. /.../ The business was going along happily. The man who started the business retired and about that time we decided we needed an accountant to assist with running the business books... so we thought we will get someone with some accounting experience to assist in further developing our accounts to keep up with the growing business. /.../ In reality, there was nothing then, or later that really made me think, "Oh wait a minute. This person has a propensity to be dishonest..." on those lines.

Hiding behaviour

Hiding behaviour generated 11 codes in total.

Hiding also included *money and assets*:

He's still got the money. ...I firmly believe it's locked up in his father's safety deposit box.

And *avoiding discovery*:

So he was able to alter transactions details. /.../ At one point he even put in about \$250,000 of his own money...which he'd stolen from us because of the shortfall on a bank account, as it couldn't cover a liability.

Long time to keep up charade

This category generated 21 codes.

But maybe some sort of drug abuse there.

There was *oddness* of the fraudsters during their initial contact:

He didn't really say much. Pretty quiet...Never offered much, said much, didn't react much and sort of thing ...Quite polite, yeah nothing seemed [abnormal] /.../ He didn't

look like a [bank] branch manager to me. ...Very nice but not as professional as I thought that a branch manager should be. Very laid back, casual.

Mask generated six codes.

At that stage I sort of thought, you know, a few times I have seen him stack on a few acts.

Small delay in starting to steal

This sub-category generated five codes.

There was another lady here doing the bookkeeping so there was a period she was still here while he was learning the ropes so to speak but there came a time when that person moved on and then all of the accounts had pretty much been left up to [the fraudster].

Unsupervised

There are three categories within this construct:

- (i) forced to delegate;
- (ii) showed a lack of management expertise and
- (iii) low expectations.

Forced to delegate

Being **Forced to delegate** generated eight codes in all.

Yes... So we'd known him to be operating at that level or in that [unsupervised] capacity for a long time.

Lack of management expertise

Lack of management expertise generated five codes:

[The fraudster] was employed here to help the manager and they look at his accounting experience, really looking for an accountant who could assist.

Low expectations

There were **low expectations** as generated in only one code:

But you get, you're developing a client base, and you know, you never think that it's going to be hugely profitable. I thought, expand your client base and you are not losing money, we would keep it up and maintain it. And to a degree he realised that as well.

Question Data



Figure 31. The Arrogant Fraudster, Question Data.

Disguise

Disguise emerged from three categories of meaning:

- (i) hiding;
- (ii) front he or she put on, and
- (iii) successful image.

Hiding

Hiding generated 12 codes.

Heard that some of his reports were a mess. Or some of his reports disappeared. /.../ I know I've got good intuition like that and it's always been right but that's why I was so, God... he hid it well. /.../ I mean he 'd just use suspense accounts for hiding these transactions. It was his responsibility to reconcile the suspense accounts, and they obviously weren't reconciled, so that was another nice way to cover up things...

.../ Probably we did, but we never saw it. .../ Yes, didn't want anyone else on his computer. Would shut it down.

Front he or she put on

The data in **Front he or she put on** had 38 codes.

Maintaining a *good mask*:

... 'cause we didn't think it was our business. I mean I used to say: "Are you alright, is everything alright? He'd say yeah alright. .../ when we had Sharing Time, he always tried to show off, say share this impressive stories, you know, to put up this good mask in front of everyone, saying you know. Make people all around feel sorry for him perhaps, Yes. Or think about "What a great guy". So I always say this, "Ok, that is you, but yeah" you know? [laugh]. .../ He'd been with us you know, nearly 4 years. It's a long time. Yes, with all sorts of people.

On the *nature* of the fraudster:

He didn't seem anxious, or depressed. Even after it happened. He still held it together. More than the average person would.

About the *front* at work:

...he had pictures of his kids on his desk at work! .../ No, not from him because he wasn't serious enough. I think he blew it off more with humour or silliness rather than being intimidating or really trying to bully you or anything like that. .../ I just sort of probably thought that what he did was so much harder than what I'd been exposed to... .../ No, no. If I had seen anything obvious. I would've acted swiftly as I did, once I saw something obvious.

Creating *persona*:

But he was creating a persona, an image that he projected .../ Relocated out of the big city to set up a new life for himself. .../ Again to prove himself he was the good guy. .../ Maybe he was trying to prove to his in-laws "I can do this or that" .../ He gave the appearance of a happily married man... .../ A real Walter Mitty type of existence. .../ Even the staff have said that. He was the Big Boss. Mind you, that didn't mean that he'd do anything, he would just give them the work.

Hard to describe:

Sometimes it's one of those things that as the manager of a business this size, some things you take notice of and look at a bit more closely; other things you just take notice of and disregard. Because if you looked into everything you took notice of you'd never get anything done. There some times where you make decisions to, you know its not right, something's not quite right, but it doesn't bear enough weight to do something about. And quite often you look back and think, "Sxxx!, I knew something stunk", but I didn't do anything about it because at the time it didn't appear that it needed any attention.

Successful image

Successful image generated 36 codes.

Presenting well:

You get that impression a little bit, that he'd become nice and comfortable about it, just do what you liked in your own time, and really have a board which I don't think made him accountable that he should have been.

Meticulous:

When I walked in, she'd always had...her desk was clean, her chair and she would always ask me for a cup of tea straight away. /.../ The way he dressed and groomed himself, you don't do that, I mean you must be looking at yourself in the mirror...

Status symbols:

Well, I think he probably just liked being the boss. Even this guy upstairs, and thinking I'd like to have what he's got. /.../... he'd go and hire exotic cars ...or he'd go and do formula race car driving. ...And he did talk about shouting his mates that came up, which struck me as a bit strange like he had more money than brains. He used to tend to indicate that he had money and he did.

Having a supportive family:

But the... um, he had indicated a couple of times that he was getting some money from family to build the house. /.../ His dad had a farm and all that. Then he married this girl and he proposes he did a very fancy thing really. And the in-laws are very rich... /.../ I think they were simple type people, I don't think they would have been excessive like he was.

Inconsistencies

This construct generated 152 codes spread over five categories of meaning:

- (i) controlling;
- (ii) differential behaviour;
- (iii) malevolent;
- (iv) manipulative, and
- (v) risky behaviours

Controlling

Controlling generated 31 codes:

Like I said, he did do his job... the accounts were done and everything was in order, he was just altering a few things in there to steal money, everything else was done, everyone was paid on time. /.../ He had access to the internet so I got the IT guys in and changed the passwords, but he was checking everyone's emails at night... So yes, there you go, controlling. He did like to have that control.

Control of partner:

But when she did her sums, she was convinced that he ripped her off... /.../ He's a bit of a sleaze... I can remember hearing [a wife] and some of their comments afterwards.

Emotional control and emotion as a performance:

Always, always showing off, always performing at some thing, carrying on with [the Boss] or [the other Director], laughing, trying to distract them from whatever they wanted. Or he was carrying on at the guys out in the workshop: "You guys are scum! Get out of my office!" carrying on like that.

Excuse and blame:

... he was more of an 'excuses and blame' person not apologetic and accept responsibility person. That was one of his major problems. That was very clear, very difficult to deal with. /.../ It was always someone else's mistakes. Oh no, he was very good at that... Very good at blaming others. Always. ... it was regular. Enough for me to put on a trainee. Enough for me to take the keys. He didn't have to come in after hours, he didn't need to. But yeah, he was good at...I call them Teflon people and I've come across them, not in a fraud sense. They are very good at...[blaming others] Yeah.

Dealing with threats:

Because this woman had lots of experience and she was doing more than where he drew the line that you're allowed to do... And she could run reports... and she started questioning things... She said she didn't know [he was stealing at the time], but she knew something. And that's where you get an older lady with experience. /.../ ...even I [as his boss] found it difficult ... to communicate my requirements to him, you know because he didn't want to be told how to do something that needed to be done. /.../ He had put her on in Jan or Feb. So he'd been responsible for introducing her into the role .She come from the state bank I think at the time. He must have figured out that she was um... She was out of work... and then came along and said this lady has got skills here and obviously justified the role...

Unemotional:

...[having sort of a flat affect]that would fit, yeah I would, yeah not really an emotional person...

Differential behaviour

Differential behaviour generated 61 codes.

Boss not around:

So his behaviour to others was different to the behaviour to myself. /.../ But you have to realise that he never tried to boss me around for example, But if you imagine if I put a staff member down there, they'd know the pecking order, in terms of where he ranked in the food chain compared to them /.../ Not outgoing, you know, or really share things of his own accord, just responds to what he is supposed to do and that's it. The sort of person who will deal with you when he wants you to deal with him. But other than that, you wouldn't get any action at all. Just nothing

Performance reviews:

Occasionally [doing performance reviews], that's why we were doing these job descriptions so we could get to the point of appraisals and performance reviews... So no, only in as far as pay reviews and we need to this and we need to do that. I guess we were doing reviews but very very informal. And so yeah look it was noted that he was not performing in areas [by refusing to produce incriminating project reports] and we encouraged him: How could we help? Some things did, you know certain things would get done and you'd go: "Good, we've got that sorted" And move on.

Different views in private:

With regard to the pay, I think probably the flexibility and everything and else, but the pay, he thought he should have got paid more.

In differentiation between work and home, the spouses:

Absolutely, yeah. I didn't know anything about her... background or her husband... So, you know, he could have had a half a million dollar life policy for all I knew. /.../ No, [the husband] was an extremely quiet guy, we didn't see him very often. He came to a couple of Christmas dinners that we had, a Christmas party where we all go for dinner. But in the later few years, she said that he wasn't well enough. A couple of staff said, she doesn't want to bring him out...

Genuine caring:

Here's something that always strikes me [as odd]... [the fraudster] used to come in... and do all this gardening around the office. He did all that. Why? I never do remember seeing how it was paid for or anything, but he did all that you know and it's quite a nice garden... He did the whole lot from soil conditioning, mulch, the whole lot and looked after it. It was not unusual for [the fraudster] to walk outside take a breather and pull a few weeds out of the garden. So where does that come from? He did it with genuine care. It looked good and you'd think the guy cares about the place. Little things like that are what can throw you completely.

Inept for the job:

It became very clear in my mind that the guy wasn't very cluey. He really hadn't learnt much. /.../ So [the fraudster] sort of found himself as the Acting General Manager, because there was no one else. And he was never equipped to take on that role. He was way out of his depth. And I think that he has acknowledged that too. /.../ Yeah he didn't have... didn't have any initiative, there was nothing about changing or improving anything. It was just sort of 'business as usual' processes that happened. I really couldn't have seen if anything had changed. He hadn't been responsible to introduce anything different anyway. /.../ I just noticed the sloppy work... non-payments not having reports. Statutory reports not done on time. They would ring up 2 weeks later "Where's this because it hasn't been paid?" "I thought I approved that a couple of weeks ago [the fraudster]?" "Ahh, oh yes look I am sorry. I've been busy, or this or that.." Or "I thought that I paid them. I will ring them up right now and tell them.

The construct inconsistencies has a category named little things:

[The fraudster is] going to tell me that they are paying her undue attention to her.. /.../ Apart from other people saying that she had her hair done everywhere. And she had all this clothing... She was always going away on weekends to the pokies... She didn't drive a flash new car, the house she lived in was extremely modest, so none of those outward sort of signs that you may wonder about. /.../ Well as I said, I heard he lied once. That came. I kind of had my little doubts. But Ok, just not over a sick day. Little very little doubts. /.../ This part of his character was really weird, I never worked out what happened here: He told us that he owned the block of land, we never knew about the block of land in [a suburb], but he told us he owned a property in [another suburb] and he was building a house, him and his fiancée... /.../ I understand he was considering leaving, he left his run about six months too late. If he had of cut and run we probably never would have found it ever. He would have gone on and done it elsewhere. It was only that I got fed up with it...

Malevolent

Malevolent generated 18 codes.

Emotional abuse:

I was probably bullied by him sometimes, but I just didn't take him serious, but just laughed at him... So that's why he wouldn't have bothered me, some of the other ladies really disliked him, where I just laughed him off because I don't know, I just didn't care. /.../ Oh yeah, that's where he got into these fights, this fight. So it wasn't

a one-off occurrence? I don't know about a lot. It was certainly once or twice a year. /.../ He always put people down, even his best mates... /.../ ...most of them would have been related to his attitude towards them as women and the way he treated them. I'm sure. Yeah he did have relationship problems... he would come to me and talk to me about his relationship problems you know more a bitch session rather than anything specific. /.../ ...he may have had the odd fling on the side when he had a relationship going, because he used to go to Melbourne for car races with his mates. this sort of thing. Some of the stories that came back, "you were over there playing up while your girlfriend's at home". So those sort of immoral things.

Debt collection skills:

...in his early days his debt collecting skills were probably, well they worked, because he had no trouble going around to businesses and sitting down and going "Right, you're 90 days over and we'll be having a cheque thank you and I'm not leaving till I've got one". He used to come home with the money... "Unless I get a cheque, when I leave here the office."

Being ruthless:

They did go through some women 'cause there was myself and one of the girls I worked with at the company. I know she came after he got rid of the other ladies the older women that had more experience didn't last.

Uncharitable:

That perhaps her view that so-and-so has plenty like, not in a contemptible way, just like you know "oh well.." like that. "They have money worries, like they couldn't afford it" [sounding sarcastic] In terms of, I can't remember this, but I remember who it was involving, I don't know if something happened, they lost money, or something... A bit uncharitable I thought... at the time a recollection was I know that I can recall the person Oh that's a bit uncharitable. Nice bloke, partner of mine.

Manipulative

Being *manipulative* generated 13 codes.

But then there was another lady coming with him in the car. Then one morning he didn't come to work. So she didn't get a lift. And then he rings and says he's sick or something. And she says "No he's lying. He's not sick. He just didn't want to come to work sort of. It just came [out] because she knew /.../ Then he came back, and he said "Oh! I accidentally..." He lied again about the chair or something. "I accidentally picked up this chair. Oh, I am going to keep it" kind of. So that's another thing I remember. Yes, I can hear "Who's going to believe you?"... Now you end up with the better one.

Risky behaviours

Risky behaviours generated 20 codes:

Almost a \$100,000 in placement bonuses that [the fraudster] had clearly sidelined for himself... He had no problem with that, because he said that the company's getting better than it could have got anywhere else, why not take the rest, its fine. /.../ We didn't know he was a gambler until after the event not to the extent that he was gambling anyhow.

Money laundering not gambling:

...I think he thought he was smart laundering the money at the casino. I don't think he was a gambler at all because I know what a gambler is... and they lose. 'Cause they're victims for it, they love it. Real gamblers don't tend to have a lot of stuff. Like the detectives said, he didn't lose money at the casino, he made like \$70,000 by just putting it through the casino.

Trusted

Trusted generated 36 codes and six categories of meaning:

- (i) didn't report him/her upwards;
- (ii) making the employment decision;
- (iii) nothing apparent was seen;
- (iv) sucked in;
- (v) trusted him/her, and
- (vi) being left unsupervised.

Didn't report him/her upwards

Didn't report upwards to persons in positions of authority:

I mean that there were things that concerned me. They didn't have a written investment policy... And after this happened, in Oct, [the multi million dollar fraud], came to light they adopted the policy just then and there.

Employment decision

In the *employment decision* category of eight codes:

But he wasn't looking for it. It was just thrust on him. /.../ And he was arrogant enough to think that he'd fixed the blind spots [when in prison], and now he could do it on a much bigger scale and could get away with it. Too clever. /.../ And that's good, that was great. Fine. If it wasn't that, if it was a pressure cooker, I wouldn't have taken it on. /.../ ...she came from [a] software accountancy company... And even when they inquired [with the fraudster] that there was [the recipient] which was making allegations against her, she said "I don't know. We had an argument and [the recipient] is upset...I don't know why he is doing this to me"

Nothing apparent was seen

Four codes were generated in *nothing apparent was seen*:

Not signs of greed, but certainly he and his wife were out there looking at homes to buy. He'd been talking about that. They were out looking for a house. And look, that's a fairly normal sort of thing... And then finally they found this house, and they were in the process of buying. So wouldn't been any sense of greed that came up. It was just seemed ok. It was fairly typical of a human being. /.../ So that ... and in terms of that exposure and that experience he had a pretty good knowledge base. /.../ In reality, there was nothing then, or later that really made me think, "Oh wait a minute. This person has a propensity to be dishonest..." on those lines

Sucked in

Sucked in generated three codes

I understand that he had taken him for coffee a few times. He visited him up there, and chatted to him obviously about buying his house, and planning this transaction for some weeks. /.../ Therefore of course, they should have brought the form back and get somebody else to sign it as well...

A misplaced trust:

Yes. He was the treasurer in his church, as well. ...so he had control of the church money there too... I made comments to the people in the church, that they should get him out of that role. And I must say they didn't act on that. I think they thought that we were nuts you know... They even had the Pastor and someone else to come in and talk to me where I was perhaps to talk to them so that I could put things that I couldn't in any other form of communication. And then they couldn't believe it. They still went away and did nothing. And left the [fraudster] in the position for quite some time. /.../ You know, they were really hands on and they did realise that you could get a bit of paper and say sign this and even after the fraud cause I was trying to educate them and I'd go [to the boss] can you sign this for me and he'd sign it and I'd take it away and go "What did you just sign?" And he'd go "But it's you"! And I'm like: "I don't care who it is, you need to get into the habit of saying 'No, I'm busy I'm not signing it now', ...Don't just stick a cheque under your nose and just sign it" That's what he did, that's what they use to do. /.../ No I didn't think he was dishonest. I actually thought he was a reasonable, honest sort of character.

Wife trusting or gullible:

...I am not sure his family ...knew about those things either. ... it's been a question in my mind, when he was talking about buying a house and everything, Did his wife understand where he was going to get the money from to get to do all this? ...Because of the house, the air-conditioning, the extension, the dishwasher, and all that, were all listed. Yeah, did she ever know about his plans, apart from buying the house? Or did she ever think how in the world he was doing this? Unless she thought he was getting paid such a great salary, maybe not even knew that. So I think that she was that sort of trusting person who would not even ask.

Unsupervised

In **Unsupervised**, there are six codes.

And I think with these transactions that were done in the early part in May. I think this is the problem: he's had time on his hands, with a loss of direction, with nobody supervising him. He probably had time to sit around and think about things.

Arrogance

Arrogance generated three categories of meaning:

- (i) egotistical;
- (ii) grandiose and
- (iii) narcissistic.

Egotistical

Egotistical generated nine codes:

I remember him talking about us Aussies and our meals ..."You Aussies always

have everything on the same plate!" He was always carrying on about that, but he was born in Australia. Always thought he was better. /.../ With clients there and all the rest of it, very evasive, effusive with what she had done, and "We had been able to do this" and... 'We' not 'I' [meaning the recipient] had done all this"...again the sort of thing that you would put down to a personality trait, that she liked to be seen up on a pedestal. /.../ and you think how could you as a parent do that to your family. How could you do that? So he didn't care about anyone, except for himself. /.../ Look it was evident that he had low regard for others. [The fraudster] was very much there for himself. That was fairly evident... They are very much there for themselves and [the fraudster] would fit that pretty well. /.../ One thing just to give you something in that vein was. She would ... a number of um...clients, male clients or whatever. ...ooohhh, "I think he's a bit sleazy" "I think he's trying.." ...not crack on to me, but sort of implying that there was this interest. And one particular man that she said: "Ooooh, Him ...I wouldn't go into the file room by myself while he's there, or anything.." She might have been [saying the] truth, I don't know, but there were a number of occasions, you know, more than just on the one occasion, a number of occasions...

Grandiose

Grandiose generated nine codes.

And he would always talk about going in and telling them how it was and wanting more money, definitely.. /.../ [Her] Domain, occasionally...Not so much to me, but to others maybe. /.../ If I'd be seeing clients that were charged with criminal offences, he'd certainly looking down his nose saying: " ooooh!ooooh! That person yes, I heard that they did that, but they never got caught. /.../ ...he actually thought that this investment of \$4M was a great investment. ...He just genuinely thought it was great. /.../ He was over there touting for business, as he was looking at going global. He had a lot of front

Narcissistic

Narcissistic generated ten codes:

[When asked if the fraudster was narcissistic] it's probably a fair statement. /.../ All the time. I remember, time for pay reviews and this and that and he'd always be marching around, "I should be getting paid more for this" and yeah. I remember ... more than five or six times and he'd always tell you about how'd he'd [go] in there: ... "I said to [the boss], listen!.." I just told them and they just said yes because they wouldn't say no to me because I'm so great" and that kind of thing. /.../ So for me, that was like ...ok...yes, but I don't buy your story. And he end up with the bigger leather chair to show off. Yes. /.../ Well there was definitely the showing off thing

Theme 2: The Likeable Fraudster: Disguised Inconsistent, Malevolent, Inferior, Question Data

There are four constructs relevant to this theme: **Inferiority**, **Inconsistencies**, **Put on a front** and **Benign characteristics**.

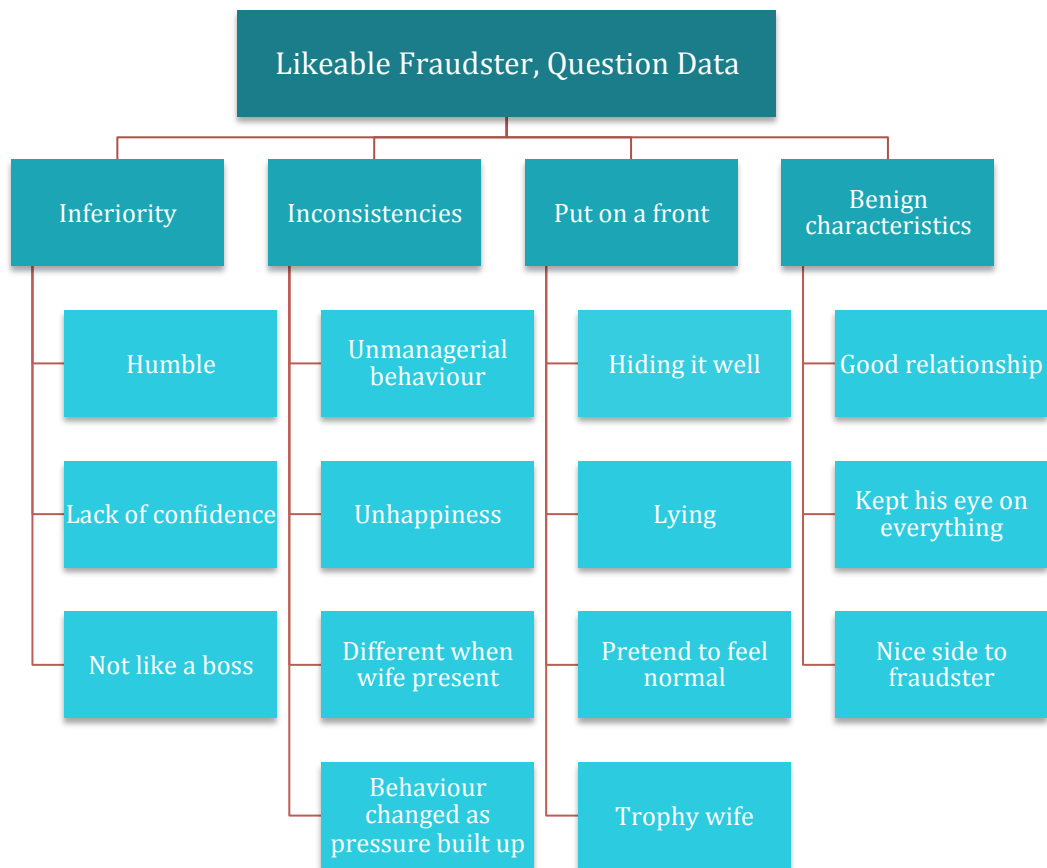


Figure 32. The Likeable Fraudster, Question Data

Inferiority

Inferiority generated three data categories:

- (i) humble (in text);
- (ii) lack of confidence , and
- (iii) not like a boss.

Lack of confidence

Lack of confidence generated nine codes:

Just a little bit not very confident He was confident with customers like because he put on I suppose a bit of ...cause like he was the bank manager and so he'd always go up and have a bit of a chat but, he just was very confident when it came to talking

to the big wigs of the bank sort of you know. He'd get an email about a teleconference, [he'd say:] "Here we go" Every time you walked past the office he was never talking he was always listening, so I don't think he really contributed much to the conversation with his employers. So I think in that sense he wasn't very confident.

Shyness and avoiding contact:

I got that feeling that's because he was so shy and it took me a while to get to know him because he was so withdrawn... He was very shy but he never used to say a lot about his personal life, he was very sort of drawn back and stay out of the conversation but if he was asked something he would reply but with a straight answer. Don't give anything a way, so he was very hard to have a conversation with. It would be like a one word answer. /.../ I do remember him admitting he was too shy, cause I agree with him cause I'm the same. I used to be. /.../ I mean he's a typical bloke if he sees a good-looking woman walk in the door, "oh yeah" but nothing, no nothing like flirting or anything like that. He's very shy.

Didn't act like a boss

There was only one code:

He never ever made me feel, that he's the boss and I've got to do it. He'd always asked ... "You don't have to do it, but if you want to do it." He wasn't like he was the boss at all. You don't have to do it but it would be good if you could.

Inconsistencies

Inconsistencies generated four categories of meaning:

- (i) unmanagerial behaviour;
- (ii) unhappiness
- (iii) different when wife present, and
- (iv) behaviour changed as pressure built up.

Unmanagerial behaviour

Unmanagerial behaviour category generated 19 codes.

Being a *gambler* is one such behaviour:

When I spoke to him about that he would always be looking through the form guide. /.../ Now that you say it, but I didn't think then. There were a lot of things that clicked with me afterwards.

Racial prejudice:

We had a lot of them coming in asking for money so and it was hard to explain to them you've got no money in your account, you need to go and see Centrelink. And they'd say "No, you give me money. " So yeah, it was sort of like: "Oh here we go. It's pension day they're all going to come in take all their money out and then come back in and abuse us because they've got no money left. Typical blacks", you know, little remarks like that.

Others cited:

...he was very casual in the way of security as well. /.../ Because I wanted to go further. He sort of said don't. He said: "You're really good at what you do, just stick where you are, you're getting paid good money and you know you don't have the responsibility" So I think maybe he was feeling a bit stressed saying that.

Unhappiness

Unhappiness generated six codes:

Some days he'd be a bit mopey but not grumpy, but you know, its hard to explain, just sad I guess. I just presumed he was having problems at home, I suppose everyone does when someone is sad. /.../ Some days I'd walk in and he'd be really happy and other days he'd be moping, so that's why I thought and I used to say to him are you alright? And he'd say, yeah I'm right. And other days you wouldn't have to say anything cause he would be cheery.

Different when wife was present

This category generated two codes:

Oh definitely. He was much more relaxed around us. Unless he wasn't allowed to have a drink with us. I'm not sure.

Behaviour changed as pressure built up

This category generated three codes in total.

One executive had a difficult time dealing with the building up of **stress**:

*Researcher: Did you see a difference in that last six months?
Oh definitely. Yeah.*

Put on a front

Put on a front emerged from four categories of meaning:

- (i) hiding it well;
- (ii) lying;
- (iii) trying to pretend to feel normal, and
- (iv) trophy wife.

Hiding it well

Hiding it well generated five codes:

[In response to researcher's prompt], I wasn't that close to him to be able to pick it up. So I didn't feel that I should have. We were work mates, not best mates after work. /.../ But with him I used to think he was hiding behind his glasses. /.../ But he was always joking, well I presume he was, I never took it to heart. I never took anything he said to heart, because it was always a joke, always having a go at each other. /.../ Well [he] come and told us [about the fraudster], he was sitting with us and he said 'Ok, this is what happened.' So he sat there and told us all how he did it. [The fraudster] obviously had an addiction...

Lying

Lying generated three codes:

He won like millions of dollars but he never, and I remember saying to him did you have a win, he said "Oh yeah I had a win" and I said: "How much did you win?" I think he told me a couple of hundred but I think it was a couple of million that he won but he hid that of course.

Pretending to feel normal

Was comprised of only two codes:

I don't know how he did it. I mean, you know I never really picked up on it. I thought he had marriage problems but that was it. I didn't think he was stressed, or depressed or anything like that. I mean yeah he would come in and be a bit mopey but nothing out of the ordinary... /.../ Yes. I could see [he was putting on a front], I mean he was always happy, but I know I could just see it, I could see it in his eyes.... I knew there was something going on but I thought that it was none of my business.

Trophy wife

Trophy wife generated five codes:

Whereas he sort of ... they looked like the odd couple because he wasn't. He was totally different looking, I'm not saying he was ugly but he was not, she wasn't what I expected when she walked in the door. /.../ I really do think he was having marital [difficulties]... I mean obviously he had a lot on his mind but I think she was very, she just wanted more and more and more, she was very demanding, she came across as being very demanding and it was just draining him.

Benign Manager Characteristics

Benign manager characteristics generated three categories of meaning:

- (i) good relationship;
- (ii) kept his eye on everything and
- (iii) nice side to a fraudster.

Good relationship

Good relationship generated nine codes:

...and then the day when it sort of happened [that he trusted her] was when he told me that I was being promoted to head teller I guess. Because I'd done so well. And that sort of broke the ice and it was more like 'long lost' mates from then on. /.../ But yet, be sociable but shy. He'd go up and have a chat to a customer because.. he also played sports so he knew quite a few people... so he'd always go and have a chat with them but it would always be a quick chat but he was very sociable as in after work. But he'd still, conversations with him were still ...one word answers. But he was sociable. /.../ Yes. He was a great boss. /.../ ...no-one abused it because we realised how good we had it. /.../ He'd take his two weeks holidays. I think he had family or friends over there somewhere... /.../ Yeah because the time when I was a teller I was always in my teller box whereas when I was on that side I was sitting pretty much... close. Yeah, we'd always have a chat.

A giver and receiver of trust:

But he was very trusting, I fully trusted him.

Kept his eye on everything

Kept his eye on everything generated two codes:

Yes very [tidy]. He was always shaved, he always had clean ironed shirts and pants... He'd ride to work. He was fit but he was obviously a drinker so he had a bit of a beer gut but he was into being fit... I was amazed, I used to say, "What are you riding for?" and he'd say "I've gotta keep fit somehow, I drink too much beer!" /.../ Well he didn't have a computer on his desk...But behind the partitions we'd have a computer where we all could get on if we needed to as well as the computers at the front desk. So he would always go onto that one or go into... another room... have a look at his emails and do other things.

Nice side

Nice side to the fraudsters generated five codes.

He always used to have a giggle after everything, you know, like say "I'm only joking", or "I don't mean it so don't take it to heart" sort of thing. /.../ Oh, adored [his children], he absolutely adored them. Absolutely.

Non-Fraudster Executive Impression Management Findings

Theme 3: The Respectful Executive - Consistent, Benign, Their Stories

There are three main constructs that emerged from Their Stories of the non-fraudster executive recipients that comprise the Respectful Executive (Consistent Benign) theme: **Good management practice**, being a **Good manager**, and **Good to work with**.



Figure 33. Respectful Executive, Their Stories

Good manager

Good manager generated six categories of meaning:

- (i) grown into executive role;

- (ii) high dependency on the executive;
- (iii) high work ethic;
- (iv) slowly tidied and cleaned it up;
- (v) covers the Board with their requests, and
- (vi) very smart.

Due to the relatively small amount of data, they are now combined (if not already mentioned in text) and demonstrate the above six categories of meaning:

... sort of one and a half years later with the business having grown more, what we've found is that her time is probably almost exclusively accounting and finance and now we're needing someone else to pick up all of the other things because it's too much work. /.../ Yeah [had to rely on him], for advice and for information for accuracy level, for reporting and statutory reporting as well.

Good to work with

Good to work with is generated from some relatively few data. It is comprised of short statements offered:

- (i) very good;
- (ii) great, and
- (iii) lot of trust.

The data are summed up as:

Researcher: what is it like to work with this person? Very good. Yeah, very good. /.../ Great!

Good management practice

Good management practice was developed from five categories of data:

- (i) good intake
- (ii) employment procedures
- (iii) manager queried resignation
- (iv) checks and balances in place
- (v) benefits were accessible

The data are combined and represented as above:

And we had a very strong accountant, ... [she] almost set himself apart from all the staff, very cross examining even for the smallest amount of claim... even for petty cash. So if it came to larger amounts she would do the cross-examination. So I would say the strength of an accountant in an organisation is critical to the behaviour of senior staff in relation real fraud because they just can't do it if the accountant is

double checking everything. /.../ Absolutely no need for anything fraudulent. /.../ The only benefit more than... I would say would be benefits, and that would be for example when travelling instead of going business class you could travel first class. Instead of staying at one of the lesser [hotels] ...you would stay at the [five star hotel] or those places. So the benefits, it wasn't fraudulent, he certainly needed the travel and he needed the accommodation but it would be upgraded.

This completes the description.

Question Data

The **Consistent Benign** concept is made up from five constructs: being **Consistent**, **Confident**, **Hard working**, having a **Moral character** and being **Respectful**.

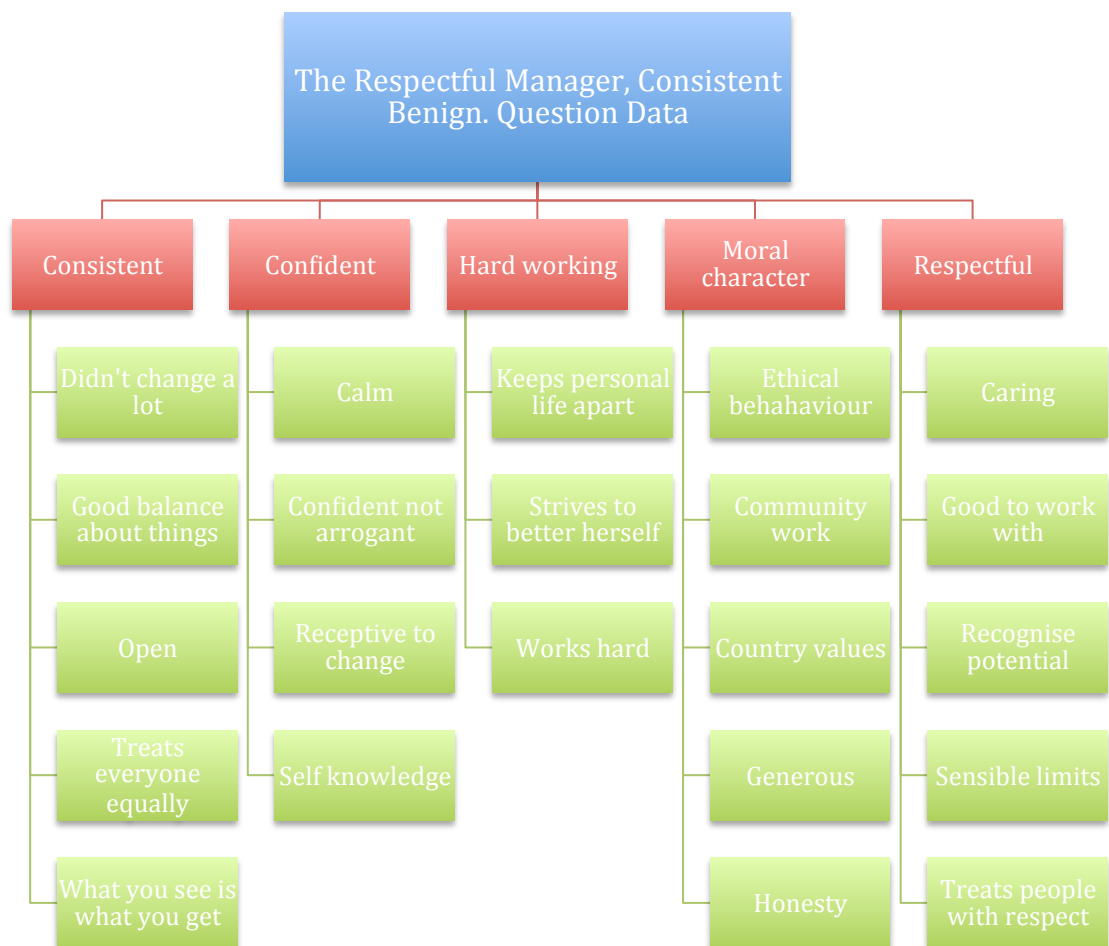


Figure 34. Respectful Executive, Question Data

Consistent

Being **Consistent**, is a keystone construct of the Respectful executive impression management and generated five categories of meaning:

- (i) didn't change a lot (in text);
- (ii) good balance about things;
- (iii) open;
- (iv) treats everyone equally, and
- (v) what you see is what you get.

Good balance about things

Good balance about things generated five codes:

She's got a good balance about things, I would say. /.../ Well we're just talking about chocolate. I can remember there was a fit lady in that area as well and we had some chocolates and you'd give it to the fit lady and she would go, "Oh I'll have to go jogging tonight... if I eat this", whereas [the executive] would say "Oh great, chocolate!", she was just there for the moment and she knows there might be some pain down the track but she was making sure... enjoyment over pain, that was a funny example but I think she is just there for the moment and enjoys life. So she'd like to go to the football, she'd like to go to lunch and have a glass of wine, but I don't think I've ever seen her have too many glasses of wine and so just everything is sort of in balance and just enjoys doing different things. /.../ ...coming out of a need to please and a sense of belonging. /.../ ...There are some clients who are doing the wrong thing. And we don't need that in our practice as it reflects on us, So... no. It's just not worth it. There are plenty of other clients out there that will do the right thing.

Open

Being *open* generated eight codes:

...sometimes when he goes into on-line banking and forgets to log off in which case I can't go in and transmit the payments... and he's not at his desk so I've logged out for him. Yeah. And I wouldn't worry about him walking in and catching me, I'd just explained what was going on and I don't think he'd be fazed. /.../ ...[previous boss's] line was "I'm the boss, you don't question me". [This executive] would never say something like that. I don't think I've ever seen any acting. /.../ Not that I've ever seen, she's not that sort of person at all, she wouldn't have to do that, there'd be no merit in that she's too open and honest to think about trying to manipulate something... She doesn't need to be, she's smart enough and can work out whatever the [problem].

Treats everyone equally

Treats everyone equally generated four codes:

...probably the opposite she's a bit more pragmatic about lots of things, so like we'd have benefits, she's not very motivated by a lot of that stuff... if it had some effect on her, like if there's some policy we're implementing for some benefits, which affected her, she's still quite pragmatic about the impacts even if it had a detrimental impact... /.../ He will talk to anyone. He gets on with lots of people.

What you see is what you get.

What you see is what you get generated eight codes.

[The executive], who you see is who you get. I don't think [the executive's] got time for pretending. /.../ She's very, she's country girl, so she's very down to earth anyway I think across the board, which is a nice quality. She's very forward and front. What you see is what you get, which is great. /.../ I just can't imagine him doing [falseness] and so therefore if he tried I just don't think he'd pull it off. /.../ ...he's just him, there's nothing false about his personality or anything, it's just... him.

Confident

Confident is made up from the four categories of meaning:

- (i) calm;
- (ii) confident not arrogant;
- (iii) receptive to change, and
- (iv) self knowledge.

Calm

Calm generated three codes.

...she would have had some issues that would look like big hills and a big black cloud's coming and she'd have to go and work out how to get through some stuff, but in most cases she'd work out a way through it and she's quite capable and intelligent.

Confidence but not arrogance

Confidence but not arrogance generated five codes:

I think she can appear to people who don't know her as very confident or over confident, but I don't think she is. /.../ Yeah very, she's pretty determined but that's not arrogance. /.../ as before what I've said about she needs to be convinced when she's wrong because she sometimes doesn't easily see it. So she'll stand very firm if she thinks she's right so I don't think it's necessarily rationalising when she's wrong I think it's just, it often takes her perhaps a while to get to that point where she realises that perhaps she has made a mistake.

Receptive to change

Receptive to change generated ten codes. They reflected management behaviours of being able to change behaviour and being flexible:

Like if something happens that I can't get into work, he's alright. Like it's very give and take. /.../ I don't think it overly adversely affected how I worked with her because if she got too narky with me I'd just tell her. I'd probably make a joke and bring it to her attention that way and she would take it on board and stuff. /.../ [when too stressed] I think she was perhaps a bit more snippy with people maybe. /.../ Yeah, if she sees it sometimes she's a bit slow in seeing and this often depends on what I've seen of her with other people, but sometimes it can be hard to convince her that she

is wrong. But if she does realise it she will, but some times she just takes a bit of convincing.

Self knowledge

Self knowledge generated nine codes.

I mean I would say that there was probably a settling in period where we were both wanting to gain an understanding of what each other's knowledge and limits were. Which was probably if you like, the more difficult part of the relationship where I felt the need to question her, which I think she sometimes resented. But that was just me building up confidence and I think it's the same with her as well, she's telling me do you know this? and do you understand the consequences? and what have you.

Self awareness is through *performance appraisals*; *knows weaknesses* and *tries to handle them somewhere else*; *being superior in knowledge and expertise* and *be willing to admit mistakes*.

Sense of humour about one's own weaknesses:

...I said, he's willing to admit he's made a mistake. /.../ And he tries to avoid them. He knows what they are and he handles them somewhere else. /.../ Yeah probably in the area of her knowledge and expertise. Probably in bringing something to my attention about somebody who's made a claim or a statement about something and she's very forceful about saying, he's got it wrong he doesn't know what he's talking about, but this is how it is and this is how it should be or this is how works. That's where it's come up and that sort of thing sort of saying I know more than that person about this and this is how it is. /.../ Yeah I'm aware of a few times over the years, because we used to have performance appraisals at that place, issues were brought up with [the executive] and yeah she would take them on board, so I think she is aware as much as any of us are.

Hard working

This construct emerged from three categories of meaning:

- (i) keeps personal life apart;
- (ii) strives to better him/herself (in text) and
- (iii) works hard.

Keeps personal life apart

Keeps personal life apart generated two codes:

...he keeps his work and home life separate.

Works hard

Works hard generated five codes:

...but she would always be there at sixish. Most of the managers are here till sixish at least... and she would travel and work to that. So yes, works hard... /.../ When he's on holidays, he does half an hour every day. He just goes through his emails and his wife accepts that and it keeps his stress levels down... /.../ He's always here on a Saturday and he always works at home at night. Some days he will work at

home all day ... because he can dial in to work. So yep. Long hours.

Moral character

Moral character generated five categories of meaning:

- (i) ethical behaviour;
- (ii) community work;
- (iii) country values;
- (iv) generous and
- (v) honesty.

Again for purposes of conciseness, these data are presented together:

Because I consider him quite an ethical and honourable person, that I just can't see him bullshitting someone for his own purpose. /.../ Yes. It's that country salt of the earth. No there's nothing immoral that she would do. In fact if we're doing policies she would help and be the conscience for that sort of stuff. /.../ But rather than reduce [work that is] ours, he reduces his. And he gives us bonuses and things like that. No, not at all [greedy]. /.../He's very honest, he's definitely very honest. Obviously sometimes clients do things that they shouldn't do... he will say "No, you can't do that. Not the way things are done"

Respectful

Respectful was comprised of five categories of meaning:

- (i) caring (in text);
- (ii) good to work with;
- (iii) recognise potential;
- (iv) sensible limits, and
- (v) treats people with respect.

Good to work with

Good to work with generated three codes:

... he'll come and have a drink on Friday afternoons in the boardroom for a little bit. So he is sociable, he's always in it if we go out for lunch... so although he does come and have a drink and will come out to lunch, you know, you go home from work ...we've had the Christmas lunches and a couple of other things, and yeah he'll chat and laugh and make accountant jokes. /.../ I work well with him.

Recognising potential

Recognising potential generated nine codes:

She's good... That's what you try and make sure you provide them... they have to develop over time otherwise they are no value to the organisation or to themselves. /.../ Yes a little bit less at a higher level, 'cause probably there's more perception that

you are rounded and got a lot of those skills, whereas some of the roles coming through, depending on your age of course, these development roles, it's something we probably spend a lot more time on in this organisation ...training and succession and development and sort of from a cultural perspective is stronger here but that's deliberate. /.../ Part of what we encourage is yes, go and get on with it but report it so that people see and they can ask you questions about it and make it more robust... /.../ We've got a team of people that get on together, it works quite effectively we're all integrated. /.../ Again they're organisational values that we would extend but she helps build those. She's quite caring and all that. /.../ Part of her recruitment would be to make sure she didn't have those traits I guess in terms of her fit and alignment with the rest of the team... /.../ she taught me a lot of what I know.

Sensible limits

Sensible limits generated three codes:

...so that was a little bit tense at sometimes. I think the main thing was the erratic work hours... but more reserved.

Treats people with respect

Treats people with respect generated eight codes:

I wouldn't say he's chauvinistic but I suspect like a lot of men and women too, we have our little things that we joke about men, so I think he's probably on that level. /.../ So I don't think she does things to be liked but I don't think she does things to be disliked she's just who she is and you have to take that but most of that is quite pleasant. /.../ I'm sure ...she would do [firing someone] with dignity. She's not had the cause to do that. She's had to manage an odd low performer but she's done that quite well too. /.../ ...he think that he has given me something and you say 'No. No I definitely don't have it.' And he finds it in his office. Yes, then he comes cowering in and like...[laughter... makes a sorry face]. /.../ ...he didn't persuade [the clients] to change their mind... I think he's not afraid to perhaps put his opinion forward but if somebody seems dead set on going that way then it's their decision I suppose. /.../ ...he hates having to do anything like [firing people]. He likes to keep the peace and doesn't want to upset anyone. That's why if there is something that has to be done he will do it, but he likes to have backup behind him.

Theme 4: The Tyrant - Inconsistent, Malevolent, Their Stories

This concept emerged from four constructs: **Inconsistent behaviour**, **Negative emotion to staff**, **Poor management practice** and **Superiority**.

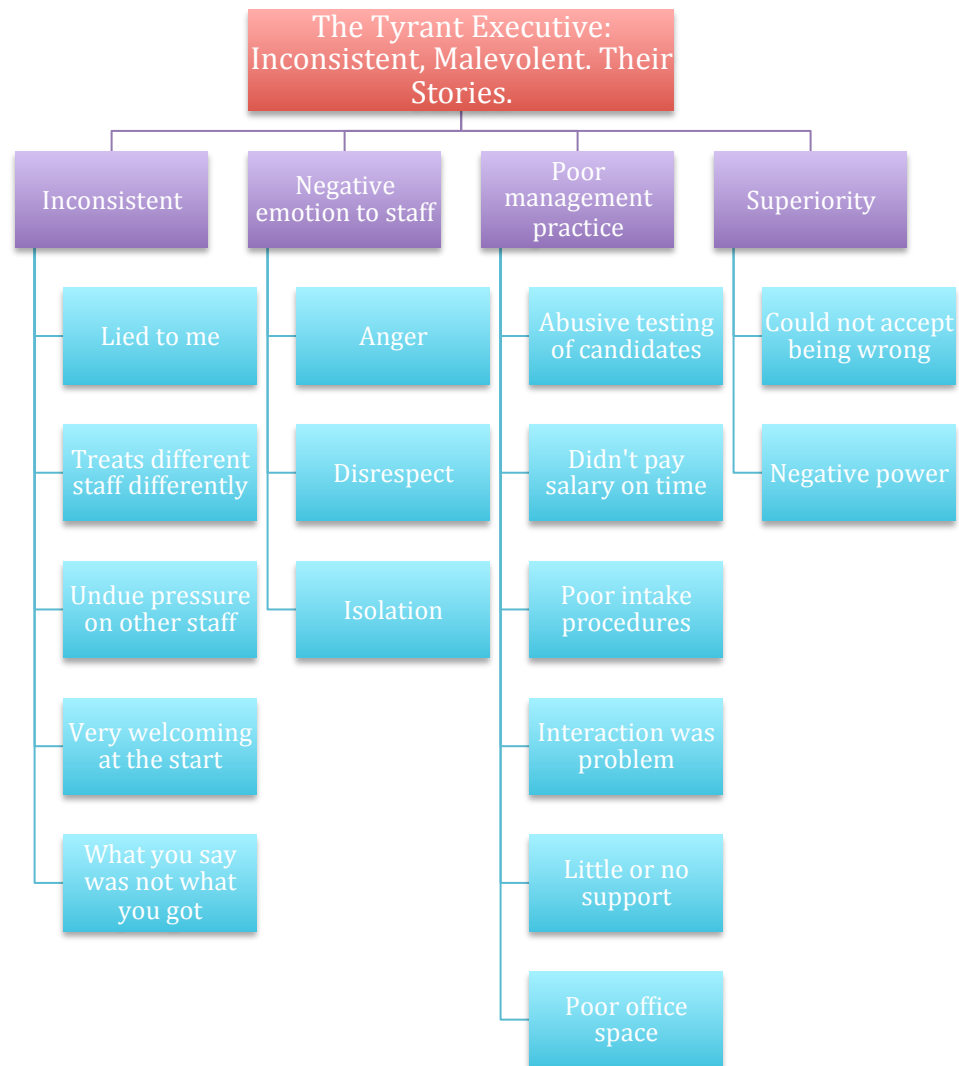


Figure 35. The Tyrant Executive, Their Stories

Inconsistent behaviour

Inconsistent behaviour generated five categories of meaning:

- (i) lied to me;
- (ii) treats different staff differently;
- (iii) undue pressure on other staff ;
- (iv) very welcoming at the start, and

- (v) what you say was not what you get.

Lied to me

The *Lied to me* category generated six codes:

He was personable he was encouraging, you know, we're going to make a good team and I fell for it all. It's like yeah we'll make a good team provided you just do as you're told and don't say anything to me, don't talk to me, just go in and do your work and don't interact with me. /.../ ...I understood from what he told me that there was a person working in the position who was on probation. Subsequently found that no to be so. /.../ I found out when I started my job that she'd worked there for a couple of years and he just left a note on her desk one day and said we won't require you anymore. Don't come in. Didn't give her notice or anything and she just went along with it.

Treats different staff differently

Treated different staff differently generated three codes.

I mean the supervisor was the one, I think that really wanted the other girl to get the promotion. /.../ ...but you know if you do things like that then you're not going to be favoured afterwards whether you keep your job or not, so either way it was going to be pretty unpleasant for me.

Undue pressure on staff

Undue pressure on staff generated two codes:

... they first of all started on the other girl, started putting pressure on her and her work and finding fault with things... It was really nasty stuff and she would be taken into the office she would come out she would be crying and all sorts of things were going on. I didn't understand what was happening and I don't think she understood what was happening and anyway that was that... but then they changed strategy and it was my turn. /.../ [The abuse continued] It was months, literally months.

Welcoming at the start

Welcoming at the start generated three codes:

The next step, I may have given him my business card, I must have I guess because he emailed me thanked me for my company and whatever at the function. /.../ ...he was very welcoming and the people that worked there... /.../ ...I wasn't going to allow him to say to me "You haven't done that right" or "You didn't do this" or "This person said that" ...he didn't want to communicate face to face but he always responded to my emails... So he obviously recognised things about me, in my writing skills... He then came to me the next morning and said I used your words verbatim.

What you see is not what you got

What you see is not what you get generated three codes:

What you see is not what you get. /.../but it was the way it was all done (with the executive].

Negative emotion to staff

Negative emotion to staff. This was comprised of two categories of meaning:

- (i) anger, and
- (ii) disrespect.

Anger

Anger generated five codes:

... he was angry because I hadn't done what he expected me to do but hadn't verbalised. So that didn't start off really well. /.../ He wasn't supportive, he was an aggressive man. /.../ I had instances where he was quite demanding with his expectations... /.../ Well the receptionist came into me one day nearly in tears and white-faced because he thumped the desk at her. He'd abused me over the phone when he'd rung in from externally. ...He ranted at me that I'd wasted ten minutes of his time and hung up on me. Stuff like that. /.../ I thought he meant to go and have a look and then ring him back, but immediately he kind of got aggressive... /.../ He wasn't at all patient ...It just kind of got to be an awful situation where he was being impatient.

Disrespect

Disrespect generated nine codes:

...he didn't really want to listen to anything you had to say./.../ ...an accumulation of telling me my work was rubbish and just being a bit of a bully and not interacting in a pleasant manner. That's the bottom line is he never really actually spoke to you with respect. /.../ ...and then she went on about all the things they wanted handed back and that so for the whole week I had to put up with all the little remarks... they were planning for an outing or something that the office was going to so all this was heightened just really to let me know what I was going to be missing... /.../ He wouldn't actually care [if I left], I would not have mattered to him at all... /.../ He was abrupt. /.../ So he would barge in and do whatever and barge out. /.../ didn't micromanage me so he did give me trust in that regard, but he'd kind of all of a , you'd get this situation where he'd think I wonder what's going on in there and he'd come in and ra ra rah... /.../ and then that day had finished, I went in the next morning and the assistant manager asked to see me and said "We want you to leave by the end of the week", because I gave a month's notice, ... he didn't want you hanging around.

Poor management practice

Poor management practice generated six categories of meaning

- (i) abusive testing of candidates;
- (ii) didn't pay salary on time (in text);
- (iii) poor intake processes;
- (iv) interaction was a problem;
- (v) little or no support, and

- (vi) poor office space (in text).

Abusive testing of candidates

Abusive testing of candidates generated two codes:

...another clerical worker [and I] were both taken into the assistant manager's office and told that we were both going to be promoted. ...one was going to be promoted anyway, but they needed an actual other person and between the assistant manager and the supervisor they decided on the two of us.

Poor intake procedures

Poor intake procedures generated five codes:

I met him at a client function ...and one of the members of our Board introduced him to me and asked me to look after him during the function. So we just began talking ...he seemed to keen to get work from our organisation and he took my details as a point of contact... we discussed many things, ... and my employment background.... /.../ Yes so and he thanked me for my attention and company the night before and I just responded. ...He just emailed me back straight away saying if I was looking for a change at all that he was looking for a conveyancing clerk, so that was really began our communication about employment. /.../ In fact I think I met him at his office in the first instance and he showed me around there and then we ducked across the road and had a cup of coffee and talked about the types of clients that he acted for and the work and the position itself /.../... I don't believe I ever gave him a resume. It was really networked...

Interaction was a problem

Interaction was a problem generated six codes:

I was left to manage that, very much on my own and it was only when a significant decision needed to be made where I knew I would come back to him. /.../ ...I looked at it that he didn't have really the time to spend interacting with me. So really I guess I would say that I found very quickly he didn't want to interact with me. /.../ You know there's some people that you have a rapport with, I never really felt that rapport with her but I never took much notice of it. No I worked with it because it didn't affect me that much. /.../ found myself within probably the first week of ...us being in the office at the same time, that I said to him "Every time I try to speak to you, you turn your back on me and walk away"...

Little or no support

Little or no support generated two codes:

...that first week my employer [was] absent on and off ...I really had to get on and pick up and run with what was there and find my own way initially. /.../ No [no training was given]. ...I actually found the people external to my organisation were actually quite helpful, so really I used my own initiative and resources on the computer through legislation or whatever or past files, to find my way...

Superiority

Superiority generated two categories of meaning:

- (i) could not accept being wrong, and

- (ii) negative power

Could not accept being wrong

Could not accept being wrong generated three codes:

I used to feel quite upset about it... he just turned around and just spat at me and said "I said nothing of the sort!" And I thought okay, so I just said. "I'm not going to argue with you," ...and I just turned and walked out of his office. /.../ It wouldn't matter if he didn't get something quite right he would never really accept or admit that... /.../ ... instead of calling me in and going through it, he'd just scribbled all over my work ...I had to try and follow this messy document to put it in final form. Instead of him going through and changing the figures and the way I had set it out he changed the way he wanted it done and then scribbled all over it and it was really hard for me to pick up really how he wanted ithe just threw it back at me and told me that it was rubbish ...But it was his treatment... he expected me to just jump into the role and run with everything. Well I think that's the only occasion that he ever told me my work was rubbish and to me why he did that, was I had pointed out to him something that was wrong that he had done. ...but it was his way of trying to put the errors back onto me.

Negative power

Negative power generated 17 codes.

In bullying me:

...I would say that day, definitely he was bullying me and that's when I was so upset that I thought if I stay here, I wanted to go home and think about it, I left mid afternoon, but I just felt that if I stayed I was giving him permission to continue treating me like that and I wanted to just go home and make him think about what he had done. /.../ ...they put me on [the division] so there was me trying to cope with these men coming through I could hardly understand, but they knew this they knew what would happen. They knew I would get into trouble because I wouldn't be able to understand... /.../ And every other day I think I must have been taken into that office for something I had done or something I hadn't done... /.../ ...but I noticed I was flustered, I felt upset... I just sometimes find if someone behaves in an intimidatory way, I don't always deal with that very well. So I think I just got very upset about it... /.../ Apparently, I didn't shout at him, but it was obviously we were in a small environment ...she only worked one day a week... she came in she used to look to see if I was still there. /.../ particularly given that he knew that I had no experience in that jurisdiction... /.../ I was called in and was [falsely accused] that I had left paperwork in my desk in my drawer and this was all to do with the sales force payment for them being paid, so of course that was quite serious ...and they said that I had left it in my drawer which I knew, when I was feeling okay, because they soon got me down, I knew I couldn't possibly have done that because ...that's not what I do.../.../ she would have had an awful lot to say because she knew the job well, the manager needed her to get her job done as well. So really the supervisor was doing the two jobs really so at the end of the day she was going to win through because the manager relied on her heavily. /.../ I mean the strange thing is too, the supervisor was supposed to have been retired, but the manager relied on her so much she got her out of retirement to help her or to take over the job she should have been doing, so in actual fact this all happened to me at a time when she shouldn't actually have been working.

Law unto himself:

Look, I would say he was a law unto himself... /.../ I guess I would describe him as a bit of a cowboy. You know kind of gung ho, pull out the guns and shoot from the hip, not really think about what the outcomes or the consequences of what he's doing

Trying to prove that I was incapable:

And I was reluctant to give in and to give in to them because all they wanted was for me to say okay okay I don't want that job, give it to the other girl. /.../ That was their way of doing it. It was absolutely terrible and I refused to do that, I refused, but eventually it did get to my health...

Themes 4 & 5: Inconsistent Malevolent, Superior and Inferior, Question Data

There are six major constructs of this theme of Tyrants and Mediocre executive impression management types which are shown in Figure 36 below.

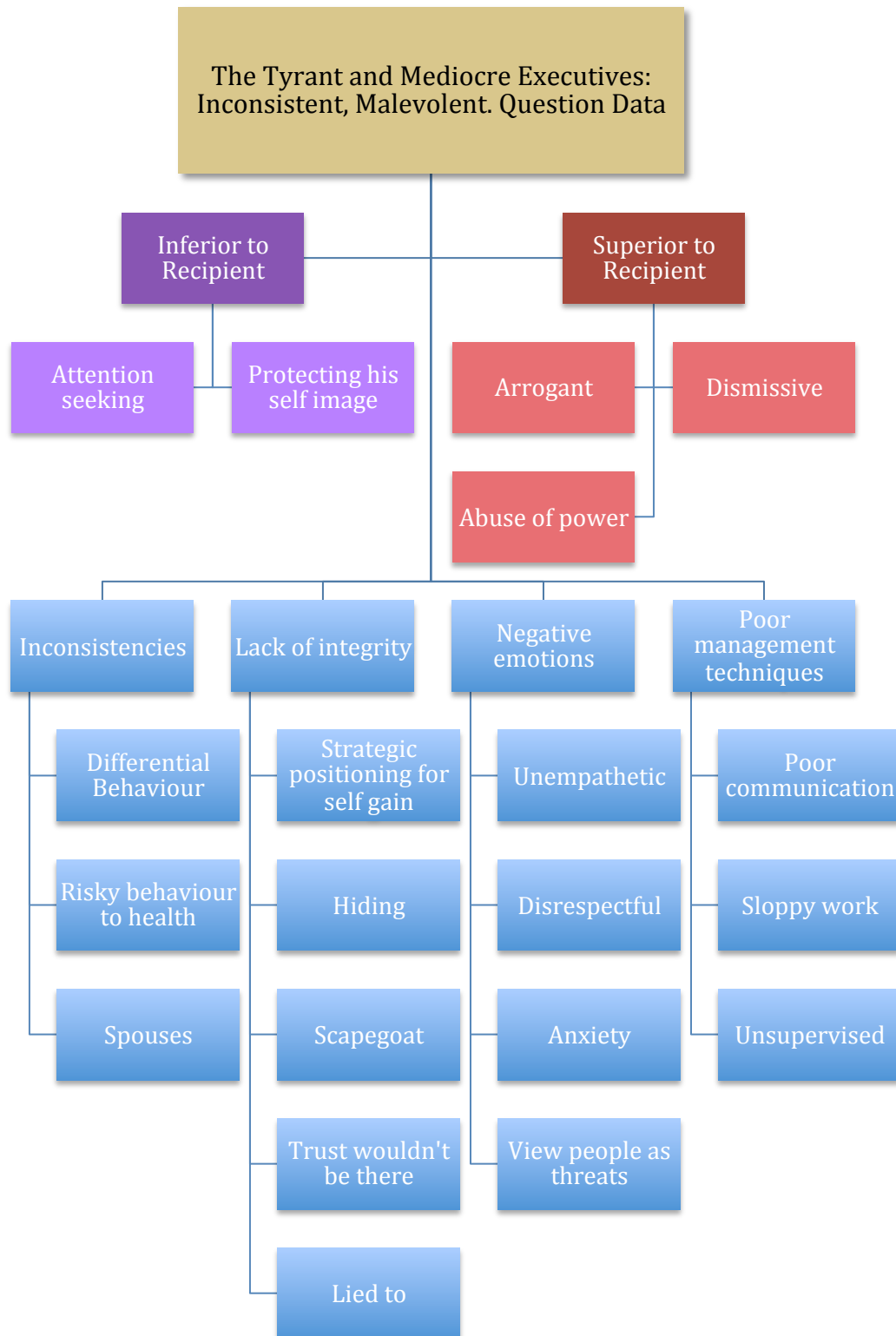


Figure 36. The Tyrant Executive Impression Management, Question Data

The six major constructs are **Inconsistencies**, **Lack of integrity**, **Negative emotions**, **Poor management techniques** and the **power relationship** from the eyes of the recipient constructs of **Superior** and **Inferior**.

Inconsistencies

The **Inconsistencies** comprise three categories of meaning:

- (i) differential behaviour;
- (ii) risky behaviour, and
- (iii) spouses

Differential behaviour

Differential behaviour generated 26 codes:

...not everybody but certain people. /.../ I got quite annoyed about [the executive's] ...language ...I was amazed, because up to then I had known him ...the same as the rest of his staff and it was only when I was invited into the inner sanctum... where we had this ...other language appeared that was far more basic and inappropriate references. ...Well it was a very exclusive group and I didn't become part of the exclusivity ...And when they were having a good time and getting really good about their inappropriate remarks I would say, I think it's time to leave, so I would exclude myself because I couldn't include myself and there's no point in them trying to include me because I just wasn't in harmony with that standard of communication. /.../ She had another supervisor that she was very friendly with and she sort of took her under her wing, but this woman... if we ever went away to any areas ...she used to get drunk and mess round with the band and things like that. Where if I had done that, I know that I would have been absolutely frowned upon by this particular lady, but because it was her friend she did everything to hide the situation. ...

Nepotism and inner circle:

He led them in..., the most significant thing that I noticed from when he moved from the directors role which gave him his very close knit support group, into the CEO role was a move from being exclusive to being inclusive when he [when he was promoted], but within months he was back to having an exclusive group of close staff people around him. ... [the group] were promoted to appropriate [senior] roles. /.../ She would have believed in the worst of me because I was with the other person (and she would have thought she doesn't care for me so she's going to be telling her things) and therefore I was sort of left out in the cold really. /.../ I was in a bad position right from the word go, but it was the arrogance that came through that you know, if you're not on my side, then you don't get entertained really.

Undisguised two sides generated 11 codes:

I didn't have the need of course but he would certainly do it in relation to some of the other staff. So he had a very personal empathy for staff but at the corporate level nothing particularly, no nothing particularly stood out. /.../ Generally he was like that [grumpy and not talking] but he always when people came in, he was very personable to them, very welcoming and very nice and all that kind of stuff and just

different when they were gone. And as I said it wasn't just me, it was certainly the others as well. /.../ No not really she's not one of those people who feels she has to do that. /.../ and that sometimes would make her stressful when she got the blame for something the manager should have got the blame. But she didn't, she passed it down to her because she always did her work. It's clever, really.

Risky behaviour to health

Risky behaviour generated three codes:

I would say drinking because I used to think to myself when he came back in the afternoon his behaviour in the afternoon after he'd been out for lunch was different. And that would be because he'd been drinking in the afternoon, so I would say he'd have had a drink every day, so I'm sure that that probably amounts to an addiction... /.../ ...He had heart issues, I think he had a heart operation after I left. /.../ Researcher: Would you have classified him as a workaholic? Yes.

Spouses

Spouses generated four codes.

Staff were aware of her not being there. She was noticeable by her absence... /.../ I doubt that they ever saw her come with her husband anywhere. /.../ he talks about the children on the holidays, not the wife. /.../ Non verbal signals, facial expressions [indistinct] but nothing was ever said... she never attended any functions so no-one had a chance to find out how she felt about him being the Director or the CEO.

Lack of integrity

Lack of integrity generated five categories of meaning:

- (i) strategic positioning for self gain;
- (ii) hiding;
- (iii) scapegoat;
- (iv) trust wouldn't be there, and
- (v) lied to.

Strategic positioning for self gain

Strategic positioning for self gain generated two codes:

Yes I think it was strategic positioning so that when the time for the incumbent CEO stood down he was the most suitable person that would be considered and the most understanding of what was required for the role. /.../ No he sort of was in the right place at the right time doing what he needed to do and being there but with this short, suddenly realising that he had this short timeline to achieve his goal.

The following categories *hide things*, *lied to*, *scapegoat* and *trust wouldn't be there* are single coded and presented together:

I used to see it go on where she would keep something quiet or get us all to keep something quiet and when it suited her but no-one else could get away with it. /.../ A rep used to ring through and they would want to know a customer's address or name ...which of course is not on... But she passed him on to me which I thought was

strange because she should have said no and that was it, and so that she was hoping I think, she wouldn't want to get into trouble but she was passing him on to me...I wouldn't give in to him, he got very abusive in the end... /.../ No, because you would just wonder when [the caring] was going to reverse. No I never would have trusted it.

Negative emotions

Negative emotions generated four categories of meaning:

- (i) anxiety (in text);
- (ii) disrespectful;
- (iii) unempathetic, and
- (iv) viewing people as threats.

Disrespectful

Disrespectful generated two codes:

This other lawyer and I, we kind of worked well as a team together trying to get through these complex things that [the executive] had no idea, ... when we actually did the right application he turned around and said: "Yeah mine was like that!" We'd just look at each other and think "Whatever!" /.../ but part of me thinks that they were probably too frightened not to use him because he would give them a hard time...

Unempathetic

Lack of empathy generated four codes:

He was "the burst" you know 'Blah!' and then you wouldn't see him. /.../ Whereas my boss at one point, I was very distressed and upset about [close ill relative] and I think he just said to me one day as he was walking out the door "Oh go to mass on Sunday". ...he didn't say shame, or I'm sorry you're going through this, he just said go to mass on Sunday.

View people as threats

View people as threats generated two codes:

I mean really and truly she should have been the [top] manager. /.../... she looked at me as being not with the enemy exactly, but certainly being with the opposition.

Poor management techniques

It is composed of three categories of meaning:

- (i) poor communication;
- (ii) sloppy work, and
- (iii) unsupervised.

Poor communication

Poor communication generated three codes:

...if you perhaps talk to one of the other girls that works there, who... she finds [the executive] quite hard to talk to. /.../ ...his daughter worked for him temporarily and she even left because of his ...she said to him: "There was no need for you to speak to me in that way" and he went blah blah blah blah, ...she reaffirmed and said "there was no need for you to speak to me like that" and not long thereafter she left. /.../ I've often said I don't know how his wife puts up with him, he often appears not to be listening and I think ...if it's something important you've got to make sure he's with you. ... I think he just forgets to pass on information, it's not that he's withholding information, he either thinks he's done it or he just doesn't realise that this bit of information affects these people instead of just this person and stuff like that. So, that's probably my biggest criticism of him is that he's a bad communicator.

Sloppy work

Sloppy work generated nine codes:

...he wasn't paying his bills on time and the accountant that used to come in every fortnight to do his books used to have to ride him for payment of her bills. /.../ But there were a lot of other things that he could have done right... that would have made his life so much easier, so many bills that were not paid because he hadn't gone about things the right way in setting it up to start with, ...that he couldn't really chase and follow up all these unpaid bills. /.../ ...he may have circuited things to get things done, rather than follow what I would call the proper path... /.../ the kitchen was always a disgrace, his daughter used to always say an Occupational Health and Safety would have a field day here. /.../ his approach to some of his work and that was, he didn't always get it right at first.

Unsupervised

Unsupervised generated three codes:

...but I didn't let him down, leaving like I did. I had three or four settlements for one client on the one day [after leaving], ...I talked the receptionist through all of these settlements, ...I think he thought that she did all this blessed work whereas, she was so stressed. I would say to her just do this one thing then ring me back, do this one thing then ring me back, so my blood pressure was right up there. Anyway I talked her through so that these deals went through...so that these deals could go through ...from my sick bed. /.../ ...so then those funny little things that I thought were bizarre I was trying to adjust to in the short time I was there. Absolutely bizarre. So I reckon he would have known, or else he didn't even bother to look and just assumed everything [was there]...

Inferiority

Inferiority generated two categories of meaning:

- (i) attention seeking, and
- (ii) protecting self image.

Attention seeking

Attention seeking generated two codes:

...she always like to be in the limelight always liked people to look up to her...

Protecting his self image

Protecting his self image generated five codes:

He was weight conscious and would take care that would dress in a way that would best suit him and he would ask opinion of his closer group about his appearance. /.../ ...sometimes, ...the choice was unavoidable and the consequences were unavoidable and he took a philosophical position on that. There had to be a certain number and the budget only stretches so far and those that do not get the support of the wider organisation ... we have to do something about the budget to support the ones that are successful. /.../ ...because I wouldn't be laughing and I wouldn't say anything. I would just look and he would look away and stop. So it was all non-verbal, the communication was all non-verbal. ...and I could see he would check that and take information and I could almost see him filing that information.

Superiority

Superiority generated three major categories of meaning:

- (i) arrogance;
- (ii) dismissive, and
- (iii) abuse of power.

Arrogance

Arrogance generated seven codes:

No I can't even say he claimed to be anything, he was just who he was and I guess that's part of the arrogance, you know, you think you know who you are and you don't really care how you are perceived outside of what your own perception of yourself is. /.../ ...they were both earning well, they knew what they were going to do in their retirement. It was always there, there was a lot of boasting going on and you always knew she had plenty of money. /.../ ...I don't think he realises, because he doesn't appear to make any effort to sort of address that. /.../ I think she didn't take any form of criticism or feedback from anybody about things that she had done particularly well... /.../ he was dominant and I think he wanted to tell people what to do, so he was dominant in that way and perhaps disrespectful.

Dismissive

Dismissive generated four codes:

I think he would've always thought he was right about things. .../.../ she doesn't suffer fools easily. /.../ He apologised at [his mother's] funeral to any employees who might have been there who suffered as a result of her being so good, that people never measured up to [her].

Abuse of power

Abuse of power generated 21 codes.

Bullying:

...she covered that with her quiet voice. She didn't get angry and uptight it was all done very quietly... The worse it was for me particularly. /.../ I never thought I'm going to have a nice little talk with her, I used to think what have I done [wrong] because that's the only reason... /.../ there was one girl ... out of work early and she said that she was really sorry that I'd gone and everybody was really sad ... that I'd gone but she was the first one to actually tell me that nobody communicated with me because nobody wanted to get involved or have it taken back that they'd spoken to me or been to see me... so I never got any feelings of...as though there was [bullying] going on, until I met this girl and that was quite a few weeks after... /.../ When somebody for some reason takes a dislike to you... there's absolutely nothing you can do about that. And if that person happens to be in a position that's over you, you're in trouble because ...I had to get out and that really was the way it was always going to be with us two working together.

Controlling:

She didn't actually like shortcuts 'cause there was a lot of changes while I was there she opposed most of them and a lot of it was where they were doing short cuts, so she wouldn't have actually agreed with it. /.../ No I was very aware that he performed his duties the best he knew how. He contained his personality. It was like the role and the personality. He contained his personality while he was in the role.

Allowed to get away with anything:

It was the whole manner really, I mean she knew she would get away with anything.

Knew she had power (in text):

Wanted her own way (in text):

Theme 6: Crisis Moment, Their Stories.

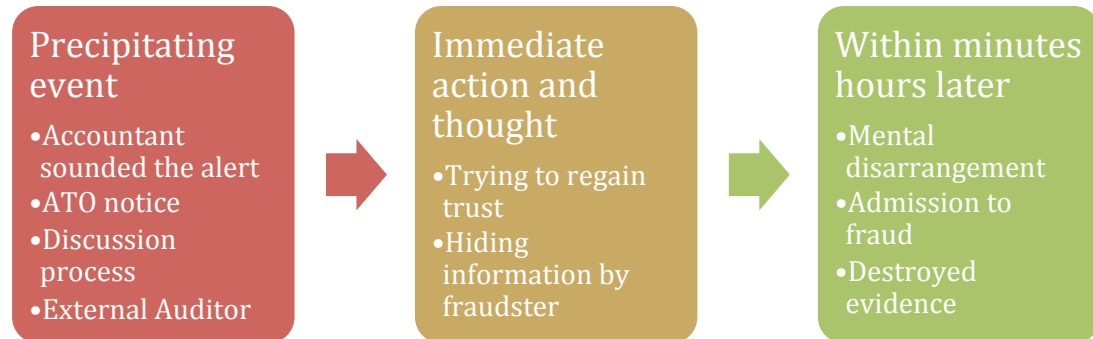


Figure 37. Crisis Moment, Their Stories

Precipitating event to discovery

Precipitating event to discovery generated four categories of meaning:

- (i) external auditor (in text);
- (ii) Australian Taxation Office (in text);
- (iii) accountant sounded the alarm, and
- (iv) discussion process (in text).

Accountant sounded the alert

Accountant sounded the alert generated three codes:

This was two or three days before I even [the fraudster] and [the boss] about it but I just thought this is a bit weird. [The fraudster] brushed it off and said "Oh don't worry about it I'll fix it all up, it was nothing". He did say "I've been waiting for you to find that".

Immediate action and thought

Immediate action and thought generated two categories of meaning:

- (i) hiding information, and
- (ii) trying to regain trust.

Hiding information

Hiding information is a single coded category:

He's reacted in this manner, a very defensive manner, and you know, not forthcoming with any information anything like that.

Trying to regain trust

***Trying to regain trust* generated six codes:**

But he did the sad puppy dog thing /.../ I said "What's going on?" and he said: "Oh, I've paid that!" He said: "That's ridiculous! he said I'll fix it up..."

Within minutes or hours later

Within minutes or hours later generated three categories of meaning:

- (i) admissions of fraud;
- (ii) destruction of evidence, and
- (iii) mental disarrangement.

Admissions of fraud

Admissions of fraud generated three codes:

So they just left it then and spoke to him on the Monday. I think he just admitted it straight up. /.../ I goes in there, and [the fraudster] is in there and [the doctor] sort of says. "[The fraudster] has told me what's going on. She's been taking the money..."

Destruction of evidence

Destruction of evidence generated three codes:

Give me your computer and I'll show you what I did" and wipe[d] it all. /.../ Of course I turn up there Monday afternoon and they've let him on the computer and he's wiped everything. This is how trusting and how much they wanted to believe he didn't do [the fraud]. He goes "Let me get on the computer and I will show you the transactions that are making up this amount... I'll show you". And he got on there and wiped the lot. But I backed it all up anyway, all the financial stuff. Yeah, he's a piece of work.

Mental disarrangement

Mental disarrangement generated three codes:

...collapsed onto the floor in inverted commas, when she realised ...that she wasn't [going to get away with it?]... she threw a wobbly. /.../ ...I will ring the clinic and see Dr X, ...I rang him, he happened to be at the local hospital and I said, "has collapsed" and so forth. And he said: "Bring her up." ...And I said, "I think we can raise her, get her in the car and we'll whip her up to you." ... So we got her into hospital and she's there, and one of the nurses who she knew, and tried to talk to her and she was you know, staring blankly, totally uncommunicative... [The nurse] pulled me outside and said "I am really concerned about this, It is so unlike her, ...and I didn't say about what might have prompted it... I said: "I will leave her in your tender care for the moment, and [the] doctor is coming to have a word with her and... tell him to give me a ring.

Question Data

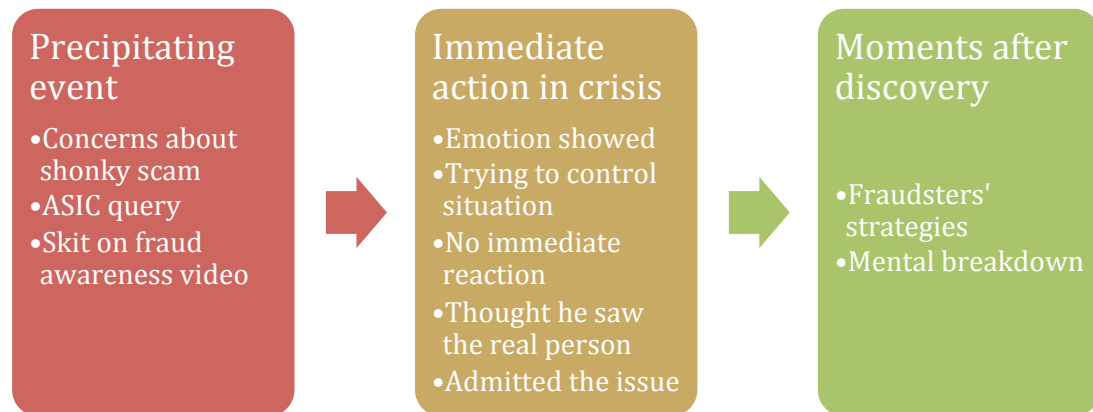


Figure 38. Crisis Moment, Question Data

Precipitating event

Precipitating event generated three categories of meaning:

- (i) shonky scam;
- (ii) Australian Securities and Investments Commission (ASIC), and
- (iii) skit on fraud awareness video (in text).

Shonky scam

This category generated two codes:

There was a complaint that came to us in the month of August. [The complainant] talked about [someone] who was handing out this... this two-page document. And a meeting that he attended last night [there] was talked about an investment fund... He spoke to me about it. And he told me... where this article had come from... Now I hadn't seen the article, and I immediately made contact with the [the manager] upstairs... He followed it up and got a copy of the article. So it became bit of a sensitive issue. So the other fellow upstairs who was involved with this car loans and that, there was some interaction between him and the [complainant], and it created quite a bit of a stir actually how [they were] putting this stuff out, both their names were on this document as well. But they had clearly put their names on it and made mention of the fact that they were giving this advice in own their own name, not in the capacity of their positions and they just said we are sharing what we've done and what it has done for us. If you want to come on board ,you know, this is how you do it... /.../ That was another issue you see, that sort of us said to us, How far is this net going on this car loan issue?

ASIC

ASIC generated six codes:

I got the phone call from the ASIC on a Friday afternoon...They were just following up as our organisation had two transactions with a company overseas that was on their list of concern. And they wondered if we could tell them about these transactions. /.../ My first thought was; "Which one of our clients has got an account with these transactions?" Thinking that it was nothing to do with us. /.../ I said: "Gee I don't know," I said, I will have to um..." [The fraudster] was off all this week, he was off sick./.../ I said "I will have to look it up and get back to you"... /.../ "Gee whiz! [The fraudster] would know all about this!" You know? I never even thought about [the fraudster]... Until quite late in that night, I realised that I had done a investigation of the investments, I couldn't find anything to stack up on this bank bill for \$4M /.../ Anyway, I rang [the fraudster up.../.../ ... there's a bit of an issue here, there are a few transactions that ...I really need to talk to you about...His response was straight away: "Ah yeah. I know what the issue is. I can help you with that, I'll be there."

Immediate reaction in crisis

Immediate reaction in crisis generated five categories of meaning:

- (i) emotion showed;
- (ii) no immediate reaction;
- (iii) thought he saw the real fraudster;
- (iv) trying to control the situation, and
- (v) admitted the issue.

Emotion showed

Emotion showed generated 24 codes.

Fear:

He just... went white and he just sort of looked at me like... [eyes wide open then blink and staring] Yes. /.../ Frightened. And that fright of realising that jail, but he probably thought \$30 grand was it jail or was it...? You can just imagine that he would have got more and more frightened, no matter how tough you are, you are still human aren't you? /.../ Ahh, I think he was pretty nervous. He's probably a bit shaken by it.

Horror:

But when I look back after being told [about the fraud] it was fear and horror. /.../ Because just the look on his face when he was watching it, was horrifying, like he was horrified ... and then he sort of looked at me with that look on his face, [and she said:] "Well. I'm only joking." And yeah then of course it didn't click with me until we got told. I remember coming home and saying I now know why he was like that.

Worried:

[The fraudster] looked for a second petrified, worried, concerned/.../ ...he didn't gave no impression whatsoever to me that it was an issue. He made no comment either, just sort of "Oh, OK."And then phwish! Took off like a rabbit out of... /.../ And of course I had been talking to [the fraudster] about this car loan issue... And then of

course there was this newspaper article naming [the scammers]. That must have twiggged in [the fraudster's] head... Oops! So there was a series of events. Not only did he go upstairs and talk to the guy up there in a bit of a panic...

Guilt:

Maybe he took offence to it, but now I know why, and now when happened and when they told us, that's the first thing I thought of because I can remember seeing the guilt in his eyes and I remember that,.../... /.../...Yeah, like I said when we got told that's the first thing I remember. That's why he was like that. Because this was only two weeks before and I really think that's what made him come forward. I really think that it was just too close to home watching that and watching the process they went through when someone did steal.

Seriousness very unusual:

Well, you know, "You watch yourself, you'd better put all that money back' or something." And he's sort of like... serious. But that was when I saw him as being serious. Well ok, something's up. But I didn't know what. /.../ I do remember walking past his door in the morning or whatever and that's when he asked if I'd said anything about it and that's when I thought it was weird because his face was a bit different because he was never serious. /.../ ... I did have in the back of my mind I guess something was weird and the fact that by then that was in the morning before I had even logged on and when I got on the system and realised that stuff had gone missing and that and I was like... [grrrr noise].

No immediate reaction

No immediate reaction generated eight codes:

Yeah, pretty bland sort of response for \$4m. /.../ ...but he didn't say anything and usually he's always got something to say when they have those skits. But he was sitting there like and I could just tell that something was up because he was sitting ... like... [makes a stoney face] when that happened. /.../ I can't remember his exact wording but he knew he knew he had been found out. And initially it was only for now. /.../ The only crisis would have been when I showed him the newspaper article, and he rushed up to see the guy upstairs. I only found that out after the event. ... He just acted like normal, Ahh you know, "That's interesting" and he just listened. And that to me was perfectly normal. I found out afterwards, [through a friend] He shot upstairs "Have you seen this thing that [the boss] gave me?" That was obviously, [as the recipient's friend] was saying, that was obviously presented in a bit of a panic "Have you seen this? Have you seen this???" you know. The first email then [the fraudster] sent, his first comments were: "I'm really quite stressed. I am actually having a bad panic [attack]... I have just got this thing from the boss, have you seen this?"

Thought he saw the real fraudster

Thought he saw the real fraudster generated two codes:

But what he showed me of his character was, his same old self. He actually covered it up really well. /.../ yeah well, vulnerable.

Trying to control the situation

Trying to control the situation generated two codes:

And then he went on to say "I've got bowel cancer and I have been diagnosed with this and that..."

Admitted the issue

Admitted to the issue generated four codes:

And he came along. He came along with a prepared [confession] note that he had written out to the Directors... He outlined what he'd done. /.../ No, I think, he actually admitted. Oh yeah, because [the fraudster said] I'll admit to this small amount, and I'll pay you back. And you're right I need to leave. And he said: "Oh yeah we'll sell everything up and I'll sort my annual leave out."

Moments after discovery

Moments after the discovery (of the fraud) generated two categories of meaning:

- (i) fraudsters' strategies, and
- (ii) mental breakdown (in text).

Fraudsters' strategies

Fraudsters' strategies generated ten codes including:

Counter accusations:

Then he accused me of ripping him off and he was going to go to someone, whoever, the powers that be, because I wasn't paying him his holiday pay.

Justification:

...he obviously started to get more and more panicky about the cheque coming

Theme 7: Unravelling the Disguise, Their Stories

Unravelling the Disguise theme generated four constructs: **Solving the fraud**, **Trying to carry on as before**, **Starting to see the true character** and **Negative outcomes for organisation and staff**.

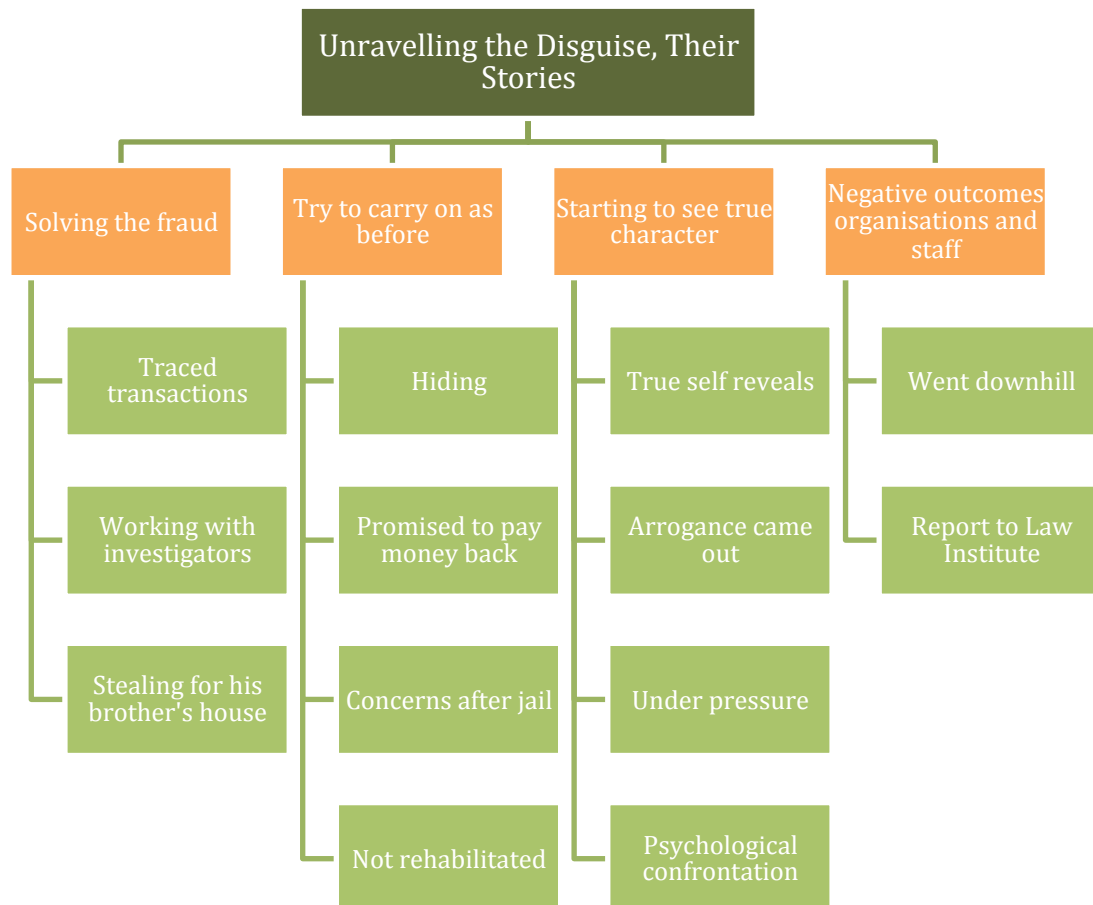


Figure 39. Unravelling the Disguise, Their Stories

Solving the fraud

Solving the fraud generated three categories of meaning:

- (i) traced transactions;
- (ii) working with investigators, and
- (iii) stealing for his brother's house (in text).

Traced transactions

Traced transactions generated two codes:

Once you got onto something the same thing just happened... Once I panned out the credit card thing he was doing and I got up to the current and I said yeah its okay

its got up to \$130,000. We've just gone "this is horrendous!" And then I started looking at other areas and that's what was hundreds and hundreds of thousands of dollars... and twenty and thirty thousand... So I was leaving there one day and it might have been around \$250,000 and I've come into work the next day and said "sorry guys it's like around four [\$400,000] now" I've had to sit there going through bank statements...

Working with investigators

Working with investigators generated two codes:

I thought I am out of here and bolt back to see [the investigator] and see what they were doing, and told him what was going on. /.../ And I said to [the investigator], duty of care and all the rest of it, we can't leave her. He said she's your employee. I said: "Hang on a minute, thank you very much. Yours as well!"

Try to carry on as before

Try to carry on as before generated four categories of meaning:

- (i) hiding;
- (ii) promised to pay money back (in text);
- (iii) concerns after jail (in text), and
- (iv) not rehabilitated.

Hiding

Hiding generated six codes:

[The staff reported to the recipient]: "Well he was on the mobile phone, and he was on the server. [Destroying evidence.] Talking to someone. [And as he left] "See youse all later, Bye" /.../ The only really issue that was outstanding was the \$32,000 cheque for his house. That was something that [the fraudster] knew at the time when the rest of the fraud issues had come out and being discussed. ... one of our other staff, 'B', she actually... I was actually in the taxi going to the office of ASIC to give a statement... and she rang up on the phone on my way in. "This is going through my mind, that I am aware of an outstanding cheque that [the fraudster] wrote out, and its floating around in the suspense account... I think you should know about it" She then proceeded to tell me who it was paid to, and whooof! I changed the whole direction [of the taxi] and ended up at our solicitors and funnily enough, ...our solicitors were acting for [the fraudster] in the purchase of this property. He actually said: "We haven't actually exchanged contracts, and we still have the cheque here" I said: "Well, don't use the cheque" When I got to his office, which was only 10 minutes after [B's] phone call, the solicitor said that [the fraudster] had called and he has asked us to not to process the contract, he's not going ahead with the sale. I said "How unusual"... and he obviously overheard the lady here on the phone... and called up straight away.

Not rehabilitated

Not rehabilitated is a single coded category:

He spent an awful lot of [million dollars]. I would suggest he's probably got something in the order of half a million dollars stuck in the bank account in cash. That's my belief. I can't substantiate or prove that. He's out of jail now so we'll be

keeping an eye on him... No-one deserves that and he's not rehabilitated.

Starting to see true character

Starting to see the true character generated four categories of meaning:

- (i) true self reveals;
- (ii) arrogance came out;
- (iii) under pressure (in text), and
- (iv) psychological confrontation.

True self reveals

True self reveals generated two codes:

Well, not... we don't know what the 'true self' is. But the arrogance it's a superiority complex, the elitism, all came out.../.../ ...when [the fraudster] was sacked he went and worked for another company... the guy whose job he took, he stayed on as a director, and [the director] said he produced nothing that he said he could, and they were very much disappointed into what they sold as to what they got.

Arrogance came out

Arrogance came out generated two codes:

He was an arrogant... person. /.../ But the arrogance, its a superiority complex, the elitism, all came out...

Psychological confrontation

Psychological confrontation is a single coded category:

It was a psychological confrontation. We were too far down, neither one of us were going to walk [away.]

Negative outcomes for the organisation and staff

Negative outcomes for the organisation and staff had two categories of meaning and are single coded:

- (i) report to law institute (in text), and
- (ii) went downhill (in text).

Question Data

Unravelling the Disguise is generated from the four constructs of **Investigation**, **Superior activities**, **True character comes out** and **Staff and organisation affected**.

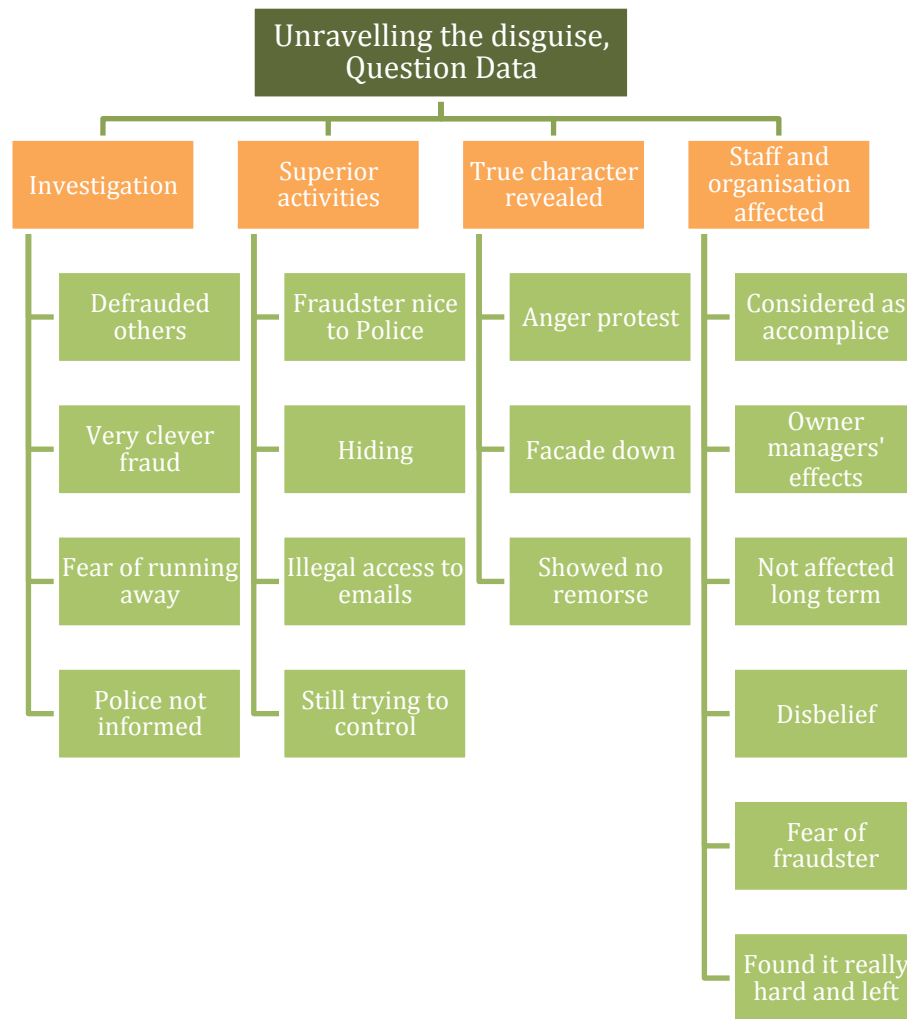


Figure 40. Unravelling the Disguise, Question Data

Investigation

Investigation generated four categories of meaning:

- (i) defrauded others;
- (ii) very clever fraud (in text);
- (iii) fear of running away (in text), and
- (iv) Police were not informed (in text).

Defrauded others

Defrauded others generated four codes:

They'd said he'd been booking overtime and things like that because he was processing the payroll, so he was giving himself overtime but on salaries you're not supposed to get anymore so. They did say that, but I mean I don't know how he got a job, if you check references and things like that. /.../ There was money that was

coming into his account, and it's unexplained, and it wasn't [our company] money.

Superior activities

Superior activities generated four categories of meaning:

- (i) nice to the Police (in text);
- (ii) hiding;
- (iii) illegal access to emails (in text), and
- (iv) still trying to control.

Hiding

Hiding generated had six codes (five in text):

...and she started to look at deposits and where money was transferred to and then it just dropped it when what we thought was only thirty or forty thousand dollars quickly grew to six hundred thousand dollars and ended up at \$938,000. Straight cash being taken out of the business.

Still trying to control

Still trying to control generated 18 codes:

Threats:

...one of the things he threatened me with was going to my sister because she was high up in the [services] and of course I did speak to her and then he knew that I had spoken to her because he said to me: "You've been speaking to your sister" and I said: "How do you know?" Then the penny dropped, he had access to [our] internet

Lying generated two codes (in text):

Fraudster's family:

I don't even think I even knew if she knew. I got the impression they hid it from the mother... /.../ You might be able to hide it from your mum but I doubt that you could hide going to jail from your fiancée. /.../ ...I don't think his old man knows, his old man might be slightly innocent, but not completely. /.../ I think in the end that his wife and children left the area, and I would assume that [they're now] on some sort of welfare payment. I know he was bankrupted. So I'd assume that they hadn't seen much financial recompense once he went to jail. /.../ No It's actually been quite surprising his wife seemed to have stuck with him. She's still there.

The control methods:

...that was the deliberate nature of it. He knew himself that he was giving a list of investments to the Directors that indicated that a major bank in Australia, had this \$4M, in a bank bill. Well, it was certainly not Australia, it was an overseas organisation. It wasn't even a bank... /.../ Well he did say to us that he thought the manager was pretty laid back in doing the transaction. He was ...was sort of a little bit surprised in the end that he...that the transaction was done so easily...

Untruths:

I've always found being grown up with racehorses, my parents have trained all their life, some of the gamblers I know, know about it because they would sniff around me and not let me out of their sight because they wanted a tip. It is not uncommon for my family to have ten or twelve horses racing on a Saturday and Sunday, big stable, lots of horses. One of the biggest stables in the state, so everyone wants to know who you are and what you did. I'm sure I got drunk at work, some of these old guys that used to work at our company were really into it and they were onto me all the time and [the fraudster] never ever did. Never!

Misrepresenting the truth:

*What worries us about the book is that it gives the impression that our organisation lost this money. A reader would expect the outcome for us was that we lost this money. And what we believe that he should have gone on to say was: "However, the company retrieved all of its money and interest, because the major bank that he dealt with didn't follow the authorities of the company, and therein became liable for the whole loss" /.../ And his brother is as smug as dog s***. Oh yeah. You gotta see this guy to believe it and his old man's not far behind. ...We've had them in the pre-trial conference because we're accusing them of having this money it's gone into their bank account and we can't say it's still ours [indistinct] that's how the law works, but it's been taken out of those bank accounts they've been closed and now we can't prove where it is.*

True character revealed

True character revealed generated three categories of meaning:

- (i) anger protest (in text);
- (ii) façade down, and
- (iii) showed no remorse.

Façade down

Façade down generated two codes:

From a clinical point of view, 20 20 hindsight, yeah, look, I think she probably was [depressed].

Showed no remorse generated three-codes:

Exactly. [The fraudster was] Sucked in. Yeah. /.../ [The fraudster] had phone conversations with people purportedly overseas, as he had done them at night time. Had conversations with people. [They] could have been next door for we knew, nobody really knew where it all come from.

Staff and organisation affected

Staff and organisation affected generated six categories of meaning:

- (i) considered as an accomplice;
- (ii) owner managers' effects;
- (iii) not affected long term (in text);
- (iv) disbelief;

- (v) fear of the fraudster, and
- (vi) found it really hard and left. (in text)

Considered as an accomplice

Considered as an accomplice generated five codes (most in text):

So I imagine that the guy who was... Apparently, a very nice man too. We did feel quite sorry for him [being duped]

Owner-managers' effects

Owner managers' effects generated six codes:

Craziness after:

*One of the Directors] was a man of few words "I'm going to f***ing kill him"*

Revenge:

I'd probably be more worried about him now having been in prison with bad people. They're probably the worst people that he's ever associated with in his life anyway that he's been in prison with. ... he probably would've thought he was better than them so he wouldn't have wanted to associate with them. /.../ they would have sessions talking about how traumatised he'd be in prison and they liked that.

Disbelief

Disbelief generated three codes (two in text):

They were surprised at the time. and found it hard to believe. We talked about it for hours in the office.

Fear of the fraudster

Fear of the fraudster generated two codes:

I've never even heard from him, he's read all the affidavits, everything that I did, never heard anything from him so I've just got to keep rolling with that. Oh well.

Theme 8: The Effect of the Fraudster's Impression Management on Recipients, Their Stories

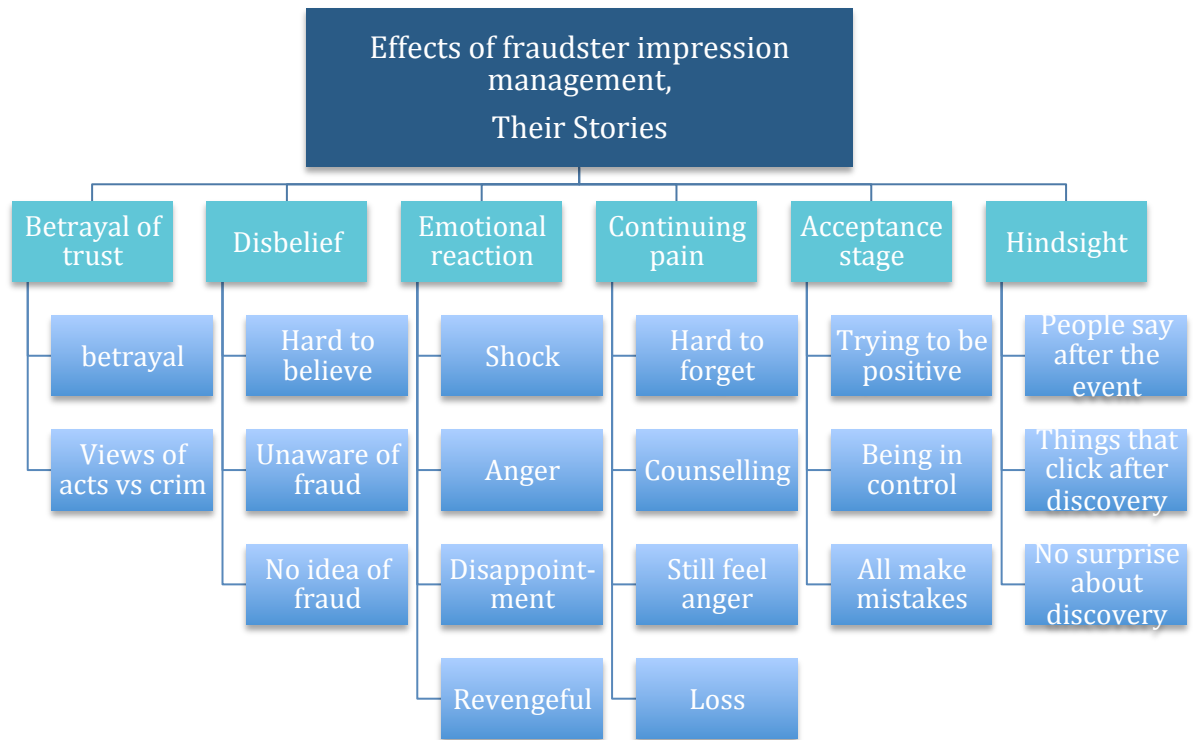


Figure 41. Effect of Fraudster Impression Management, Their Stories

This type of impression management generated six constructs: **Betrayal of trust**, **Disbelief**, **Emotional reaction**, **Continuing pain**, reaching the **Acceptance stage** and **Hindsight**.

Betrayal of trust

Betrayal of trust generated three categories of meaning:

- (i) betrayal by recipient (in text);
- (ii) views of acts vs criminal acts, and
- (iii) wanted money back (in text).

Views of acts vs criminal acts generated 14 codes:

There's a void between somebody who views themselves, as I say the big frog in the little pond, versus the criminal fraudster she notably turned out to be. /.../ ...the fraud squad had their own assessment ...I gave them all my source documents and all my files, it was like 4 archive boxes of files and they came back with a slight variance of

thousands of dollars. I have to think well I got it all and I thought that if he didn't steal any more, if he stole any more the company would have gone under... surely. So I think it was... I could say a million dollars, I was pretty confident - over 8 years.

Civil route:

He was bankrupt he declared bankrupt that he had no other creditors. /.../ \$320,000 out of \$420,000, they've taken \$60,000 and they want another \$40,000 in case they need to spend it between here and the end of his bankruptcy. And I am sure at the end of the time ... They'll gobble it up. ...It's just wrong really really wrong. They are profiteering from someone else's misfortune. And the other thing that smacks you around, the government, there is a duty on money which is handled through a Trustee, so we could prove that some of that, we could prove that some of our money was used to buy that block of land and the percentage that we could prove was disallowed so we got it without the duty applying, the rest the government takes 6% thank you very much. Yep, so if there's \$200,000 for argument's sake that you cannot prove is yours through ownership because he fraudulently took the money from you, \$12,000 cheque straight to the government. It's sickening. You just come out of there just absolutely infuriated. You know, beauty we'll get \$420,000 back and at the end of the day \$100,000 gets gobbled. /.../ It's almost as disturbing as the fraud itself. And here they are these are people that are you know supposedly running a state or a business. Try and explain that to someone like me, I don't understand how they can get away with it.

Disbelief

Disbelief generated three categories of meaning:

- (i) hard to believe;
- (ii) unaware of fraud, and
- (iii) no idea of fraud.

Hard to believe generated two codes:

So I thought, all of this is just over the phone, you know, I've never known this [bank investigator], I've never met him. He's just given me scant detail and I'm supposed to be wandering down, and effectively participating in some sort of raid, you know, shutting the place down...and my office as well. You know, all these horrible allegations. So I said to him, "Hang on, I am not happy about all this. I'm not doubting for a moment what you are telling me and all the rest of it, But you know, but if I am going to be a participant in this I'm not walking into something that I don't... know, some detail about it and have an opportunity to make some assessments... at that stage I was not joining the posse, and if he wanted to do that, he did it on his own. Count me out thanks for the moment. Unless they were prepared to share some information... So anyway, he said "Ok, that's fair enough" so we arranged to meet. /.../ But we met and he brought up another lady with him from their internal investigations inspection, ...they sort of laid it all out. And said " We've stumbled on this, this is all 'riggey dige' happening here and what we are looking at doing is putting it to her. We are going to grab everything we can of ours here, so she doesn't destroy all the evidence sort of thing ... we really want to catch her on the hop here" And they were talking then of the fraud squad and all the rest of it.

Unaware of fraud

Unaware of fraud is a single coded category:

In fact only ...2 transactions after I started. The major transactions and all the there

was about 9 or 11 transactions and the rest of them happened in earlier.

No idea of fraud

No idea of fraud generated two codes:

Well, there was, there was in this sense...I had absolutely no idea. /.../ And the discovery of the fraud didn't happen until mid October so I was here about 3 or 4 months.

Emotional reaction

Emotional reaction generated four categories of meaning:

- (i) shock;
- (ii) anger;
- (iii) disappointment, and
- (iv) revengeful.

Shock

Shock generated seven codes:

I was in shock. /.../ I thought oh well, that's good. And then...I just can't recall if I then contacted our auditors and said look this is... the balloon's sort of gone up with that. This is going to be a major issue here, and we'll probably be out...And of course at that stage my head was spinning... /.../ [it] was a, when I think back, some of the stuff, it is only when you look back you start to realise. A slap in the face. /.../ "We want you to meet us there at 11 o'clock this morning and we are shutting the place down" And you know, it was just Bumpf [claps his hands together]./.../ Sort of shell shocked in that sense in relation to that. /.../ ...I wasn't that surprised when I heard the news kind of, like first I was shocked...

Anger

Anger generated four codes:

It was a little casual, so that because it was casual like that which was part of the feel of working there and everything. They wouldn't hold back from chucking tantrums or really...They needed for their own good to have a reason not to be behaving like that. I mean B drove his car through a building chucking a tantrum over all this and other things. I thought they're frightening. They were really affected by it big time.

Disappointment

Disappointment generated four codes:

So that was one of the things that was a little disappointing, having opened up and being in a board meeting which we had on a Sunday, and came in and confessed to all this stuff that we had, and was actually asked was there anything else. /.../ You know and that's something that actually hurts when you look at the heartache....

Revengeful

Revengeful generated five codes (four in text):

That's why a couple of years in the slammer is barely enough. At the end of the day that's one of the only things that you can think of and believe in, is that life will dish out and karma will happen and that their life will be less for what they have done.

Continuing pain

Continuing pain generated four categories of meaning:

- (i) hard to forget;
- (ii) counselling;
- (iii) still feel anger (in text), and
- (iv) loss.

Hard to forget

Hard to forget generated two codes:

The whole story has never come out and it may never... A lot of people don't report frauds or anything.

Counselling

Counselling is a single coded category:

You ... got to put them thoughts out of your mind, because I spent six months doing that and it just pulls you down. At some stage you just need to just go and throw it in the bin....I went and saw a psychiatrist for a while. Look I think it helped a bit and I probably could have done with a bit more

Loss

Loss generated two codes:

I calculated that the actual total damages to my family would be in the order of 2.5 million dollars, towards your retirement or towards that end of life and it was sold short by a huge amount as a result of that money being stolen. /.../ So you know it's the million dollars is only what was taken over the seven or eight years, it's got nothing to do with the real damage. The real damage to a small business owner is colossal.

Acceptance stage

Acceptance stage generated three categories of meaning:

- (i) trying to be positive;
- (ii) being in control (in text), and
- (iii) all make mistakes.

Trying to be positive

Trying to be positive generated two codes:

Probably shouldn't have... Maybe it was a self-esteem or a pride thing. But it wasn't my fault, but I was in the chamber and I fixed the problem.

We all make mistakes

We all make mistakes generated three codes:

think that one of the crazy things is that the time I have spent in practice...on my own which is 20 odd years now, my staff remit has been absolutely minimal. I've only had one employee who we just suggested to go and find some other work, not through dishonesty and the rest of it. Quite competent, just unfortunately personality wise wasn't suitable for dealing with people. Of the staff who have been with me now, of say the four key staff have all been here in excess of 10 years. We've never had a lot of staff movements so... we didn't do...It wasn't like we were well practiced in vetting and doing all those sorts of things as those situations had never really arisen.

Hindsight

Hindsight generated three categories meaning:

- (i) people say after the event;
- (ii) things that click after discovery (in text), and
- (iii) no surprise about discovery.

People say after the event

People say after the event generated two codes:

All this sort of nonsense. Nothing, nothing forensically, nothing you could put your hand on and say this is a piece of evidence and say...and so on and so forth.

No surprise about discovery

No surprise about discovery generated two codes:

It came as a feeling kind of, yeah... /.../ Yeah, he wasn't the same, comparing the previous manager and him. He was like yeah, big difference. And I don't know I just felt kind of, I wasn't surprised.

Question Data

The Effect of Fraudster Executive Impression Management generated four constructs: **Emotional reaction**, **Try to get the defrauded money back**, **Didn't like fraudster** and **Liked fraudster**.

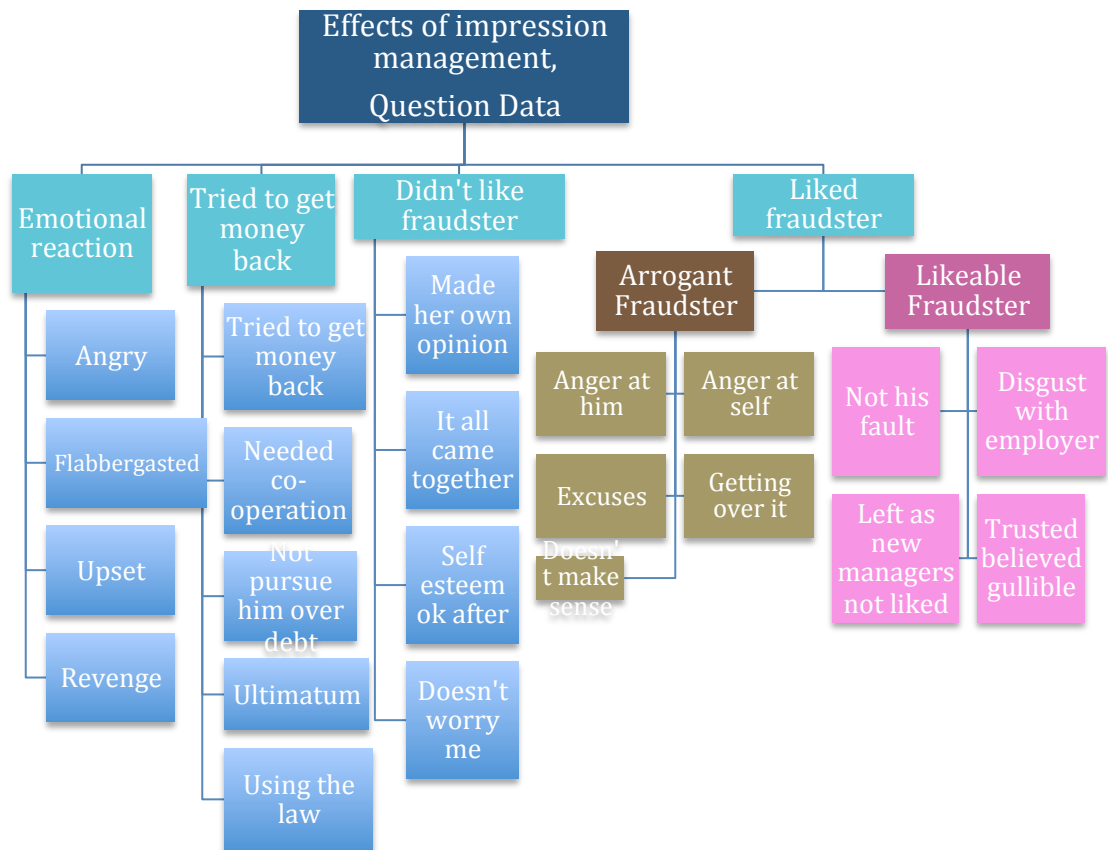


Figure 42. The Effect of the Fraudster Impression Management, Question Data

Emotional Reaction

Emotional reaction generated five categories of meaning:

- (i) angry;
- (ii) flabbergasted;
- (iii) upset, and
- (iv) revenge (in text).

Angry

Angry generated two codes:

...we got pretty angry with him, I suppose. And the guy who is the barrister can be a pretty arrogant sort of personality [laugh] at the best of times. He even controlled himself, but could have exploded. But realised probably. What's the point? /.../ Just crestfallen and frustrated and really agitated, irritated of course they don't know. It was such an unknown to them. There wasn't a lot that they could do, they were relying on me. They did get into it. It all happened pretty quick. you know, once it started growing, this had happened over a couple of weeks. And I got real stuck into it, 8 years worth of stuff, but got through it. And they just... "Near the end? what are the figures today?" it just got into a little joke. It never got easy. But they never got over it.

Flabbergasted

Flabbergasted generated eight codes:

That became fairly obvious, he would have no idea. Every time he had to do a transaction or a journal, he would give it to one of the other ladies straight away... He didn't understand it. /.../ So then it started from there... I was in denial. /.../ Yeah [recipient was surprised]. Probably, after all the times he had been there. /.../ ... and left a message on [the boss's] answering machine, "You need to ring me" And he knew that something was wrong as my voice was shaking... And I told him, over the phone. He started to [indistinct, say?] "No, no no" ... we really do need to get together and talk about it ... and I will meet you tomorrow.

Upset

Upset generated eight codes:

But she was a very strong lady, she was upset, I could see she was upset, but she was business as usual, it didn't affect her. But I went in there a few times and talked to her about it and she sort of didn't give much away. /.../ We were all very upset about it. /.../ I learnt it the hard way, I just about drove myself to a complete and utter breakdown. I didn't know how to handle it. /.../ Its probably why she is not really interested in having a chat about it [with the researcher]. She probably thinks " Gee, I've moved on from this. I don't want to raise this" In fact she might even be having some contact with the guy I have no idea. She'd probably want to avoid [an interview], I don't know. Yeah, no response, yeah. /.../ ... I mean it made me upset at the time, of course and all that. Yeah, because I was very upset.

Tried to get money back

Trying to get the money back generated five categories of meaning:

- (i) tried to get money back;
- (ii) needed fraudster's co-operation;
- (iii) not pursue him over debt (in text);
- (iv) ultimatum (in text), and
- (v) using the law.

Tried to get money back

This generated five codes:

We followed about 8 or 9 dead ends in terms of properties that he had approached as purchasing. But er, we had a court order restraining him, and he still sold them. One of them settled, and we found out a few days later, and my solicitors took too long to act, and we'd have got the money. It was gone straight away. /.../ So in the end we agreed we will terminate this guy, but we keep in on for a week to give him a chance to see if he can actually do something. No point someone else making the call, if he spoke to [the fraudster] before he might be, he might be gullible enough to want to give the money back. He came in and I told him that we was terminated at the end of the week. We were happy for him to do what he could do. But you know... cancel all his authorities and everything, that was in straight away. He did it, he tried to make some calls at night time to get on to the guy. But nothing happened. /.../ I bankrupted him, about 3 days before he went to jail. /.../

Needed fraudster's co-operation

Needed fraudster's co-operation is a single coded category:

We mean to get this [the fraudster] to tell us what he did and how it all hung together. We need to keep the communications system going. Not saying rack off and buzz off. So that was more in our thinking was: What else can we get out of him? What else is there?

Using the law

Using the law generated four codes:

So this is what happens when you get to the law court, all of a sudden the law doesn't quite see it as a clear cut case, ...It's never in our favour, ever. It has to be absolutely blatantly obvious that that money is [name of their company]. So we've still been fighting that. /.../ but you try and convince the freaking law that. /.../ ...that's how the law works, but [the defrauded monies] have been taken out of those bank accounts they've been closed and now we can't prove where it is. /.../ He's done in jail, get your own money back. Didn't really help.

Liking / not liking the fraudster

These data emerged only from categories comprised of Question Data.

Did not like the fraudster

In the construct, **Did not like fraudster** contains four single coded categories of meaning:

- (i) made her own opinion from his impression management;
- (ii) it all came together when she heard;
- (iii) self esteem ok after, and
- (iv) doesn't worry me.

Yeah. In the beginning I was helpful and trying to understand him and all that but then I thought then, ahh you know...I didn't like this showing off thing, and this and that kind of start of making my own opinion. /.../ But my self esteem was still ok. I was looking forward to coming back to the company after [vacation].

Liked the fraudster

Arrogant Fraudster

There are five categories of meaning if the fraudster was an **Arrogant Fraudster**:

- (i) anger at him;
- (ii) anger at self;
- (iii) excuses;
- (iv) getting over it, and

- (v) doesn't make sense (in text).

Anger at him

Anger at him generated two codes:

They were a very emotional group of guys.

Anger at self

Anger at self generated three codes:

Well he passed [the fraudster's sloppy work] off and I accepted it. /.../ I just looked at it as thought "I'm an employee" I wasn't going to take it personally but it was for them.

Excuses

Excuses generated two codes:

They'd come of the tools, they were all tradies they didn't know how a company was supposed to run.

Getting over it

Getting over it generated three codes:

In the end I kind of realised that I didn't need [the fraudster] for anything, he wasn't contributing very much. /.../ The reason I took the job was to buy into the business. That was agreed on the day I started in 1988, so been at it here... there was only a handful of people and I worked hard to build that up and buy it off him. So the whole thing has been my life. I often look back and think God. I knew the business was doing well, but I couldn't understand why weren't getting the fruit... I've got to look further and this is what started this whole thing and uncovered it all. [Indistinct] have been really good for the past few years and the business has grown and prospered. It's going okay.

The Likeable Fraudster

The four categories of meaning are:

- (i) not his fault;
- (ii) disgust with employer;
- (iii) left as new managers not liked, and
- (iv) trusted believed gullible (in text).

Not his fault

Not his fault generated four codes.

I felt really sorry for him when we got told what he did. ...I felt really sorry for him and my heart went out to him because I knew it wasn't his fault and it wasn't like he was putting the money in a Swiss bank account for later. /.../ T: And he did it for five years? Yeah. When I think about how long he was doing it for, I think he must have been under so much pressure and stress. /.../ But I don't hate [the fraudster], because he was worried that we all hated him for it and that we were all going to

hate him. And I did let [his friend] know, because he was in touch with him, that we were all behind him. We don't hate him for what he's done. We know it wasn't his fault, totally, it wasn't his fault you know...

Disgust with employer

Disgust with employer generated 12 codes:

...we were offered counselling. I think a couple of the ladies did get counselling. I didn't myself. I was upset but I think I was more in shock. I didn't need counselling anyway.

In a subcategory of *having to act as normal*:

... like we were just told and then we were thrown into work, we were like... But if we had been told after work we could have all sat there and had a chat about it and consoled each other, but we couldn't even do that. /.../ ... it was a Thursday because it was pension day and there was a line outside. So it was horrible and we all just had to get into it and have customers screaming at us because they wanted money or because we opened the door a minute late you know. None of us were putting up with any erratic customers. Nup, not putting up with it. Yeah it was a really horrible day.

They organised their own *informal debriefing*:

It was good to sit back afterwards.

Left as new managers were not liked

Left as new managers were not liked generated two codes:

We went through a few bank managers and the latest one I didn't really get along with... [our] team was really good and really enjoyed it...

Theme 9: Effect of Tyrant Executive Impression Management on Recipients, Their Stories

The constructs that emerged are time based: **Before**, **During** and **After**.

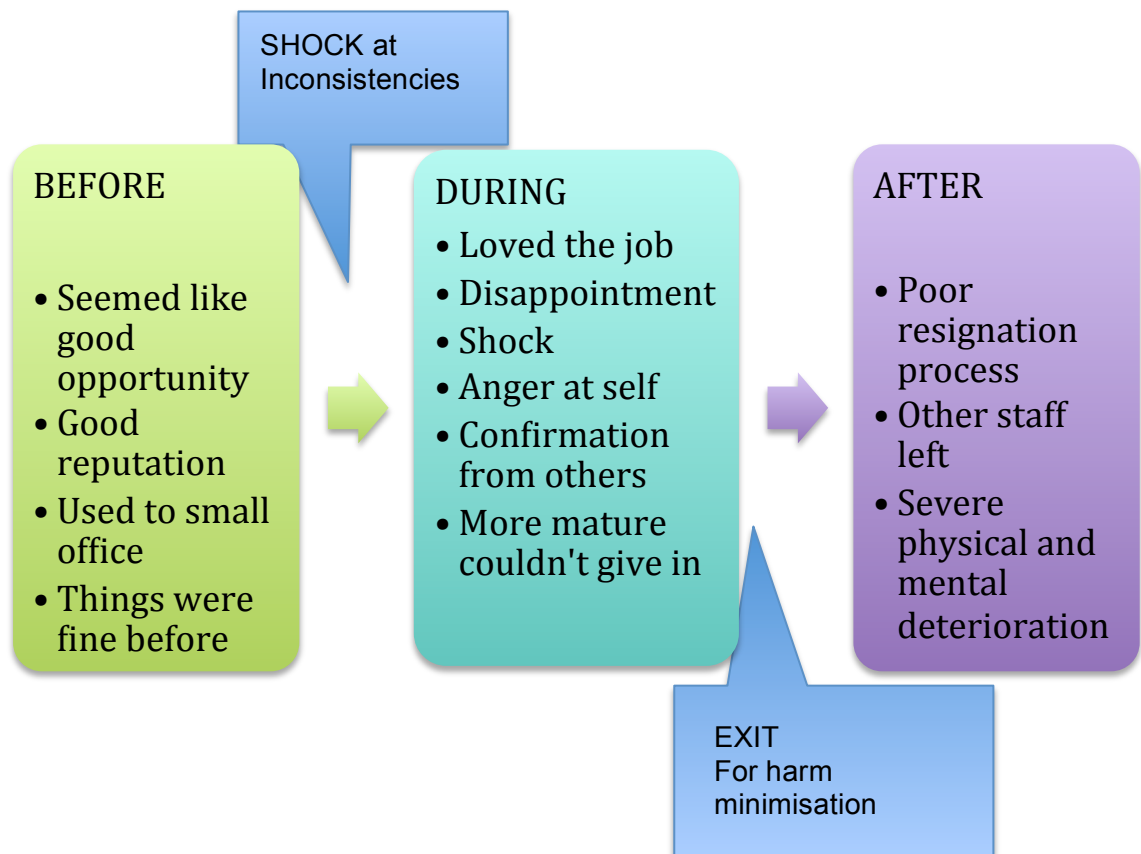


Figure 43. Effect of Tyrant Executive Impression Management working with an Inconsistent Malevolent executive, Their Stories

Before

The recipients reported the following single coded categories of meaning and are presented in a combined form:

- (i) good opportunity;
- (ii) good reputation;
- (iii) used to small office, and
- (iv) things were fine.

Data are in the text.

During

During generated six categories of meaning:

- (i) loved the job;
- (ii) disappointment;
- (iii) shock (in text);
- (iv) anger at self;
- (v) confirmation from others, and
- (vi) more mature couldn't give in.

Loved the job

Loved the job generated two codes:

It was fantastic, it was a lovely job I really really thrived until this happened.

Disappointment

Disappointment generated four codes:

It was really really bad and I wouldn't cry in the office, I used to go out every night and get in the car, my husband used to be there to meet me and I'd get in the car and just burst into tears every single night. /.../ It was absolutely terrible and I refused to do that, I refused, but eventually it did get to my health...

Anger at self

Anger at self is a single coded category:

... I would say that fairly quickly I should've realised that when I met him for coffee one time, he had little time for me,

Confirmation from others

Confirmation from others generated four codes in all:

But I bonded fairly quickly with the receptionist and one of the lawyers, the younger one it took a little bit /.../ One of the barristers that we leased an office to, he had a conveyancer who came in one day a week and... she offered to give me any assistance I needed...

More mature couldn't give in

More mature couldn't give in generated three codes in total:

[Her husband] wanted me to give the job up but I was getting mortgage subsidy and everything, it was a good paid job and I refused, I mean it was a very social job, I mean you could go to their meetings, parties, Christmas we had a big do for the whole of the country, it was fantastic

After

After generated three categories of meaning:

- (i) poor resignation process;
- (ii) other staff left (in text), and
- (iii) severe physical and mental deterioration (in text).

Poor resignation process

Poor resignation process is a single coded category. All of it is shown here, some referenced in text:

[On Monday] I emailed him and told him that his behaviour had upset me and I was going home to think about my situation... I went to the doctor the next morning and my blood pressure severely elevated and he increased my medication and gave me a medical note for the rest of that week... He emailed me the next morning and asked me what the nature of my illness was and told me it was most inconvenient that I was not there. I ignored that. I went back to the doctor on the Thursday and he said no, my blood pressure had not gone down at all and suggested that I have the next week off. We discussed whether or not it was in the interest of my health to remain there, he felt not...[her boss] sent the same email again and said I hadn't responded, would I be in tomorrow?... I emailed him and told him there was a medical note coming for the next week and that I was giving a week's notice. [I] said to him that it was the manner in which he conducted himself and the effect it had on me that I needed to remove myself from his workplace that my health and wellbeing was more important to me...and asked him to make payment to me everything to which I was entitled, which I think he dragged out about a month before he paid me.... I never heard anything from him, he didn't respond.

Question Data

This data set is particularly small as displayed in Figure 44 below.

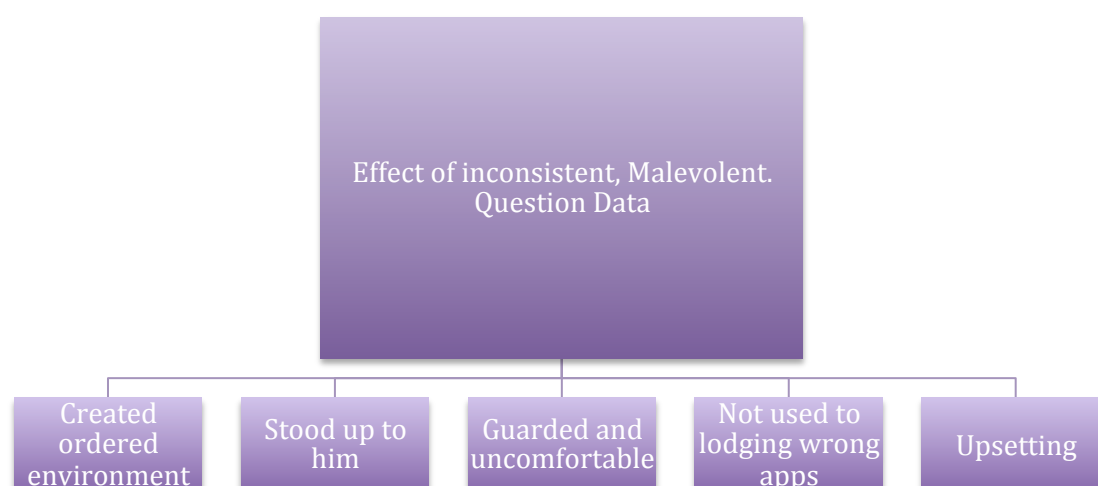


Figure 44. The Non-fraudster executive recipients working with a Tyrant executive, Question Data.

She *created an ordered environment* for the office.

I think it would have been before the 'rubbish' incident, because absolutely had a very ordered environment and I think that certainly made it easier

Another stood up to her boss.

I did stand up to him...

Being guarded and uncomfortable:

I never felt comfortable with her ever. ... I had to be on my best behaviour with her all the time and I had to say the right thing if I possibly could, so I must have been guarded with her.

And the recipient was not used to lodging wrong applications.

I'm not used to that because I've worked in firms where... being told by the Court that you've lodged the wrong applications, well that just wouldn't have happened. Because we would have done our homework quickly.

And finally, in upsetting, the interview reminds me of what he did to me,

So I did my best. I can't believe I'm reliving it. No [not stressed], it's just reminds me what he did to me.

Appendix B: The Difficulties of the Fraud Context and Theory.

Measuring the impact of fraud

Fraud imposes a range of economic and social costs with effects that range from international economic collapse to the emotional health of individual employees. This section provides a summary of some key costs and provides examples of their effects. The use of dishonesty to obtain goods and money is an enormous problem globally and has been a problem from the beginning of civilisation (Johnstone 1998; Livingstone Smith 2007). A ship owner's accomplice, Xenothemis, a ship's captain, committed one of the earliest cited incidents of executive fraud in 360 BC (Johnstone 1998). Xenothemis was to receive part of the proceeds of a claim for the loss of insured cargo. It is not known what happened to Xenothemis himself (Calhoun 1924). However, extorting money in this instance, was viewed as theft and Xenothemis in his role of executive was deemed in breach of office.

The Association of Certified Fraud Examiners (ACFE) reported in 2008 that the U.S. economy took a \$994 billion loss through fraud (ACFE 2008 Richards 2008). In 2005, the estimate of the extent of fraud in the business sector in the UK was estimated at GBP 3.76 billion (Levi et al. 2007). These costs are indicative rather than actual and there would also have to be approximately added another GBP billion as to the cost of pursuing criminals and taking them to court.

Australia and New Zealand

Fraud is estimated to have struck 47% of Australian and New Zealand businesses in 2008 (KPMG Forensic 2009). From their survey of 420 respondent companies which are predominantly their clients, the estimated cost of the frauds was \$AU 301 millions, (almost double their previous survey taken in 2006) with an average of \$AU 1.5 millions per fraud. Again, double the 2006 figure. Respondents listed 222,577 separate fraud incidents in 189 (45%) companies.

Non-profit sector

Fraud is not confined to the private sector. A survey in Australia and New Zealand (BDO International 2008) reported that 16% of 384 respondent non-profit organisations reported fraud. It was found mostly in health and social services, with 186 individual cases. Cash theft

and kickbacks were the most common type of fraud, and the average value was \$AU 45,527. The majority of respondents said that they did not report the fraud to the police and 20% of the organisations did not terminate the employment of the perpetrator. In line with the private sector, 30% of frauds were committed by managers and accounting staff (2008). Similarly, tip offs accounted for 25% of the frauds being discovered. In addition the frauds continue for a long time, with 14 months on average. Interestingly, the average fraud that was committed for gambling was 75% larger than the average fraud for other reasons.

Limited fraud statistics in Australia

In 2003 Ernst and Young reported that there is widespread fraud across the globe, with Australia in second position behind Africa in terms of the highest incidence of fraud cases being prosecuted (Ernst and Young 2003). Fraud cost Australia an estimated \$AU 3.5 billion in 2002 (Graycar and Smith 2002) and it costs small businesses more than employee theft of stock, armed and unarmed robberies, and vandalism put together. They also noted that with rapid industrialisation and the increase in usage of communications and information technology, crimes of deception are becoming increasingly complicated and more difficult to discover (Graycar and Smith 2002).

Police statistics for Western Australia (Western Australia Police Service 2008) for reported fraud offences of all types, including credit card, insurance scams etc., is a total of 9,793 for that financial year, with a clearance rate of 86.9%. The earliest year for the same fraud classification is 2002 (Western Australia Police Service 2002), when 7,723 instances of fraud were reported, with an 85% clearance rate. This reflects an increase of 21% over the six-year reporting period.

However across Australia, compiling Police reports from all jurisdictions, (Australian Institute of Criminology 2009) the rate of fraud offences 1995 to 2005, remains relatively stable. The information is appended with the warning that fraud is most likely to be under-reported by at least 50%. It can be assumed that in the financial year 2008 using the 93,894 offences reported, that the true rate of occurrence rather than those reported and prosecuted, is likely to be in the region of 188,000 and 470,000 offences a year, if using Ernst and Young's calculations (2003).

Executive Fraudsters

Overall, there is very little information about managers who steal from their companies. The statistics below are rough estimates from purposeful samples of clients of the major accounting firms and interest groups such as the ACFE.

Executive fraud in USA and the UK

Managers were reported to have committed 55% of the frauds in the Ernst and Young survey (2003) and across the board 49% of stolen assets were not recovered. The top three areas of executive fraud in the USA are false billing, expense reimbursement and stealing cash with an overall median loss of \$US 900,000 per fraud. In addition, executives commit half of financial statement fraud, which has a higher loss figure of \$US 2,000,000 per fraud (Association of Certified Financial Examiners 2006). In their joint report (Chartered Institute of Personnel and Development and Credit Industry Fraud Avoidance System CIFAS 2007) they note that staff fraud is the most prosecuted crime in the UK, with managers named as the perpetrators of the larger frauds, making up almost half of the cases that came to court in 2004.

Executive fraud in Australia New Zealand

An interesting statistic from the 2009 KPMG Forensic Report is that managerial staff were able to cover up their fraud longer than non-managerial staff: if a senior executive commits a fraud it is on average 720 days (that is, 10 days short of 2 years) duration, three and a half times longer than a non-management employee fraud lasting only 7 months. KPMG Forensic (2008) found 3% of detected fraudsters had a known poor track record and were still hired, 12% of the perpetrators were found to have a dishonest background after the fraud was discovered. The remaining 85% had no previous convictions. In this survey managers committed 31% of all frauds. Typically the managerial fraudster was employed by the organisation for a period of five and a half years, with nearly four years in the position at the time of discovery; fraudster managers were male (80%), average age of 41 years, and their motivation was mainly greed or extravagant lifestyle. Seventeen percent of fraudsters had a criminal past, and they mostly stole money or goods through false invoicing or direct theft. Motivations were gambling (44%) and lifestyle (37%), a total of 81% of all fraudsters reported.

Impact on defrauded organisations and employees

Organisations suffer in many ways from the effects of fraud. There may be a loss of confidence by suppliers; customers may find alternative sources and prices may have to increase to cover the fraud (Levi 2006). Furthermore, there may be great financial and psychological harm to the remaining employees left to pick up the pieces. Peterson and Gibson (2003) stated that in their case study, the perpetrator was a trusted, well-liked employee. This becomes problematic as loss of trust figures very high on the list of employees' emotional impacts (Pelletier and Bligh 2008). Increased absenteeism is also noted as are lack of commitment and loyalty and decrease in performance (Pelletier and Bligh 2008). Workers also expressed cynicism, anger and frustration with management, pessimism about the organisation's ability to stop further fraud and increased paranoia and fear about others in the workplace. Furthermore, Johnson and Rudolph (2008) found that frauds have greater impact on a small firm, which could mean loss of employment for innocent employees and also loss of their superannuation. Moreover, small business owners may feel a loss of confidence to hire and rebuild, and against larger companies the fraud is comparatively larger in consequence (Peltier-Rivest 2009). Considering that small businesses employ nearly 50% of workers in Australia (Small Business Development Corporation 2006), the loss of entrepreneurial spirit has a negative impact (Perrone 2000), particularly in regional and rural areas (Tinsley and Lynch 2008).

Some 30% of fraudsters are found in the accounting department (ACFE 2008) and for small businesses, company accountants are among the most trusted individuals (Russell 2002). Colleagues of a fraudster also feel betrayed by the fact that they were drawn unwittingly into the fraud (Pelletier and Bligh 2008). Therefore it is not purely financial damage that occurs, but it is only that measure which is used in the fraud surveys, the rest of the hurt, pain and effect on people's lives remains incalculable (Levi and Burrows 2008; Gibeaut 2009).

Underreporting of Fraud

Surveys give a rough idea of how much fraud is experienced, but there is a large number of companies who do not want to attract the media limelight for any corporate wrongdoing. They often settle with the perpetrator to leave immediately upon discovery (Australian Institute of Criminology 2004; Levi et al. 2007). A UK report (Chartered Institute of Personnel and Development, and Credit Industry Fraud Avoidance System CIFAS 2007) on tackling staff fraud stated that large organisations could expect to fire 100-150 employees a year for fraud, which was corroborated in an earlier report (Credit Industry Fraud Avoidance

System CIFAS 2004). They add that this is not a true indicator of the scale of fraud, that the number of staff dismissals may be far higher. Also, staff about to be or being discovered, may have quick and early resignations forced by management or themselves so the fraud is not on their employment record.

Most respondents (Ernst and Young 2003) stated that fraud had increased against the previous year, with Europe having the lowest percentage of frauds reported and prosecuted. Considering that the number of frauds being prosecuted is estimated to be about 20% of fraud committed, there remains, according to the commentators, a large amount of fraud that is undiscovered; or alternatively found out, and not prosecuted.

Lack of prosecution

It is reported that a third of companies do not report fraud to the police (Smith 1999). To summarise Smith's reasons from the Australian surveys are: that the company was able to deal with the matter internally by warning or dismissal; a belief that the matter was not serious enough for prosecution; a fear of consumer backlash; inadequate proof and a reluctance to devote resources to the prosecution process; spending 'good money after bad' with little hope of asset recovery; sending messages out to the community about their vulnerability and encouraging more frauds. Furthermore, by not taking action the consequences for the community are that the perpetrators are free to commit similar crimes elsewhere and it weakens the deterrence effect of fraud risk management policies (Smith 1999). Frauds that come into the public view are therefore only the tip of the iceberg. The rest of unseen fraud risk is high. A UK survey found that 70% of the respondents felt that they would commit a fraud if they knew that they could get away with it (CIFAS, 2004).

Prosecution in Australia

Most respondents reported frauds to the police (63%) and raised an internal investigation (KPMG Forensic 2008). Only 45% of perpetrators were dismissed immediately, with 20% of companies allowing the fraudster to resign. Resignation tends to prevent further investigation particularly in low value and or complex frauds (Chartered Institute of Personnel and Development and Credit Industry Fraud Avoidance System CIFAS 2007). Recovery of funds was only 11% across the board for frauds in Australia and New Zealand KPMG (2008). Of these, the perpetrator returned 81%. Only 12% were paid out from insurance.

Difficulty of prosecution

When guilt is certain, conviction is easy, but most cases are problematical, highly complex and mistakes are made by prosecutors, the defence, juries and judges (Chang and Evans 2008). The incidence of successfully prosecuted fraud is therefore comparatively low. If the defendant pleads not guilty, it leaves the onus on the prosecutors to put together a watertight case to secure conviction. Juries are often ignorant of company law and company practice, they do not understand the differences of severity of offences, and clever lawyers can confuse on technicalities (Freiberg 2000). Together with the disparity of sentences for fraud as an offence with those for violent criminals, and the cost of prosecution and subsequent appeals, the public perception of sentencing of fraudsters is often seen as light (Freiberg 2000). However, Cullen, Hartman and Jonson (2009) observed that there has been a shift in the public's view of white-collar crime since the Enron and Worldcom cases to their wanting harsher punishment. They argue that this may be a permanent shift and not one created purely by the media's attention. A good example of the shift are the outcomes of the U.S. President's Corporate Fraud Task Force, which had obtained 1,236 convictions from 2002 to 2007 after the debacle of Enron (Mokhiber 2007).

Fraud theory

Why do employees commit fraud? This seems to be unknown or if unknown ignored because the detection rate is comparatively poor (KPMG Forensic 2008). External auditing only found 1% of frauds, and employee notification exposed no more than 28% of frauds. There is no theory on executive fraud per se. However, there is a 'hodgepodge' of theory (Shover and Cullen 2008) regarding fraud in general, a subdivision of white-collar crime. This review is intended to discover whether there are important factors that must not be overlooked in the setting up of the study about impression management by fraudsters. It is necessarily brief as Dodge and Geis (2009) observed that the study of white-collar crime:

...often requires considerable knowledge of diverse fields: law (administrative, civil, and criminal), economics, psychology, political science, organisational studies, and others. The field of white-collar crime offers a heady challenge to those who engage in a subject that at its core tells us a great deal of importance about the society in which we live and, perhaps, about ourselves as well. (2009, p. 3)

External versus internal forces

One way of classifying the various theories is to contrast those that emphasise intrinsic factors with those that focus on external factors. In this context, intrinsic factors refers to many theories which see the motivation and production of the crime as outside forces to the individual, others see it as a product of forces within. Public myths of fraudsters are summarised by Heath (2008) into two categories: character flaws and greed and conformity

in organisations that exhibit poor values. However, there are many theories that have been advanced over the years to explain this type of crime and the following table demonstrates the types of theory with their proponent authors.

Table 17. Theories applied to studies of white-collar crime, which can be applied to executive fraud.

External Forces	Internal Forces
Class and the corrupting influence of organisations – known as Differential Association (Sutherland 1940)	Control Theory (Hirschi and Gottfredson 2000)
Social Structures and faulty socialisation (Merton 1938) functionalism.	Control Balance Theory (Tittle 2004)
The Maximiser (Murphy & Robinson 2008)	
Choo 2007 on executives and the American Dream	
Neutralisation theory (Sykes 1957)	Personality traits: Psychology, social psychology. (Higgs 2009, Paulus and Williams 2002, McHoskey 2001 etc) <ul style="list-style-type: none"> • Fear of falling from high status, need for success • Lack of integrity • Lack of social conscience • Egocentrism • Narcissism • Omniscience • Omnipotence • Invulnerability
Social Exchange (Hansen 2009) general social theory	Corporate psychopaths (Babiak and Hare 2007)
Social/Industry/Organisations (Zahra et al. 2005)	Addiction, particularly gambling (Smith 2003)
The leadership role itself (Bucy et al. 2008)	Immorality
Rational Choice Theory – competition and fear of failure. Competition, excessive pay; excessive pressure to perform (Sayles 2006)	
Normalisation theory (Agnew 1994)	
Critical criminology (Tombs and Whyte 2003)	
Friedrichs 2004, Russell 2002 Wozniak's peacemaking (2009)	

External forces

These are conditions outside of the person, which push him or her into committing an act of fraud. Leading this approach is differential association theory, which includes Sutherland (1940) espousing that the criminal behaviour of white-collar workers was due to

contamination from corrupt organisations. As a direct result of the employment linkage with these organisations, the individual becomes co-opted into deviant behaviour. Naturally this depends on the length of time of the exposure, the frequency and the intensity of the underlying messages (Tittle, Burke and Jackson 1986). This approach explains what happened to employees of Enron who co-operated and joined in with the deviant culture of the company (Tourish and Vatcha 2005). Tittle, Burke and Jackson (1986) found evidence in the light of conflicting results from previous studies that differential association contributed to perpetrators' criminal motive but not to the overall attitude of criminal respondents.

The social structure of society itself is a consensus-based perspective that dominates criminology, and it is faulty socialisation that is said to be the cause of crimes, (Heath 2008). This was developed from Merton's social structure theory (1938) and explains how deviant sub-cultures have their own norms and values that spring from poor housing etc. Applying this theory to corporate executives, it has been said that business schools produce unethical graduates due to the emphasis on the pursuit of profit (Coleman 1987; Ghoshal 2005). Most recently Murphy and Robinson (2008) produced a description of a 'maximiser'. This theory proposes that an individual's desire for high status, coupled with constrained educational and career opportunities, creates the pressure for fraud. Pressure to perform builds up as individuals progress through life. Choo and Tan (2007) took this further and found evidence that fraudster corporate executives felt a 'broken trust' (from agency theory) and therefore took retribution by fraud, which is meant to complement the gaps in the American dream theory.

Neutralisation theory began with Cressey (1973) who realised that criminals don't conform to expectations of society yet think that they do, through a neutralisation of their thinking which produces a non-deviant image. For example a fraudster might say that he was borrowing from the company and the loan would be repaid as soon as possible. This forms an integral part of the deviance, that they see themselves as normal human beings. This became part of the rationalisation corner of the fraud triangle, which is discussed further. Agnew (1994) describes the traditional way of thinking that juvenile delinquency is purely an outcome of sub-cultures (for example, street gangs). This was criticised by Sykes and Matza in the mid 1950s as they felt that delinquents were actually 'more or less' committed to conventional beliefs, but they developed justifications to engage in crime (Sykes and Matza 1957). Agnew summarised Sykes and Matza's thoughts on delinquents' thought processes: "These justifications precede their delinquent behavior and make such behavior possible by defining it as "acceptable if not right" given the circumstances" (1994, p. 556).

Applying the neutralisation process to white-collar crime, which is where Sykes and Matza began their work. Ironically for this study, comparing middle class bankers' norms with those of juvenile delinquents (Topalli 2005). Therefore, it has been argued that white-collar criminals see themselves as being part of society, certainly not outside it, which gives rise to the paradoxical behaviour of stealing in a society which condemns such an act (Heath 2008).

Following social causes, Durkheim's anomie and Marx's alienation theories suggest an abnormal separation of people from important and integral aspects of human nature which in turn leads to aberrant behaviour (Gouldner 1980). Alienation, as developed by Marx occurs when people are deprived of their self-determined economic means of production (Morrison 2006). In comparison, the theory of anomie developed from the 19th century social theorist Emile Durkheim, and focuses on a loss of social norms in certain individuals which would lead to suicide: "Man is the more vulnerable to self-destruction the more he is detached from any collectivity, that is to say, the more he lives as an egoist" (Giddens 1972, p. 113 [excerpt from Moral Education]). From these two concepts, C. Wright Mills (1959) proposed that two classes were highly susceptible to alienation. That it is not only street criminals who commit crime but also corporate managers who are alienated by capitalism:

A society that is in its higher circles and on its middle levels widely believed to be a network of smart rackets does not produce men with an inner moral sense; a society that is merely expedient does not produce men of conscience. A society that narrows the meaning of 'success' to the big money and in its terms condemns failure as the chief vice, raising money to the plane of absolute value, will produce the sharp operator and the shady deal. (1959, p. 347)

Consequently, it is said, the growth of alienation and anomie as a result of industrialisation will produce white-collar crime among corporate managers (Smith and Bohm 2008).

Coming from an entirely different viewpoint, Hansen (2009) uses social exchange theory to understand fraud within the elites of corporations. This is useful, explains Hansen, as social exchange theory originates from economic theory and places the motivation squarely on money rather than psychological factors. This is because she sees corporate elites as reciprocating social networks and if there is one fraudster there will be others implicated or involved. The emphasis therefore is on a dishonest organisational culture corrupting others. This mutual exchange certainly explains what happened with Enron (Tourish and Vatcha 2005), but it fails to explain fraud that is kept secret from colleagues.

Some scholars offer combination of theories for example, Zahra, Priem and Rasheed (2007) combined external and internal theories of criminal deviance: societal, industry and

organisational, with a moderating variable of the individual characteristics of the fraudster. Applying Zahra's causal hypothesis, there are the outside structural causes, with the intervening variables of the individual's characteristics. In the case of executive fraudsters, these characteristics would include intelligence, social status as well as an ability to 'pull off' a deceitful, masking type of impression management.

Essentially critical criminological theory of academic study stems from Marxist thought that society would produce criminals as a natural outcome of the process of capitalism. If everyone were co-operative and sharing the means of production, there would be no need for fraud. Indeed if anyone upset the balance by committing fraud then they would be punished accordingly as being purely selfish. The very thing that radical theorists abhor (Marx 1976).

Wozniak (2009) uses a variation on the theme of critical criminology, insofar as he accepts the radical view of conflict of society, and dominance of the power elite (Mills 1959) that he refers to as peacemaking criminology. This is based on everyone being connected to each other, even those who commit serious crimes. There is the connectedness of social structures, crimes, social harm, the law enforcement and corrections systems and peacemaking alternatives. These must be seen together as a integral system for any real reforms to take place. Peacemaking proposals would include reconciliation, conflict resolution and restorative justice. In Wozniak's view, these are alternatives to power elites social control of existing harsh non-rehabilitative penal institutions and the perpetuation of crime and poverty.

Internal forces

This section refers to those internal factors that predispose a person to crime. One major internal forces concept is Hirschi and Gottfredson's Control Theory which is based on lack of self-control that causes impulsive behaviour and therefore criminal activity (Hirschi and Gottfredson 2000). Self-control is an interesting factor as it is a counteracting control mechanism, through morals and ethics to free will. Being impulsive or out of control is therefore against the fundamental mores of a democratic based society. However, this is more likely to happen to adolescents than to middle-aged executives who, as seen earlier attracting lighter sentencing and less harsh punishments than 'street offences'. Control Theory was hoped by its authors to be the one grand unifying theory that explained all criminal behaviour (Hirshi and Gottfredson 2000). Critics (notably Geis 2000) argued that there is a tautological problem about Control Theory, insofar that low self-control in people

who normally adhere to the social mores and values of society (which is the causal explanation for white-collar crime), may not be as criminal or as aggressive as implied (Smith 2004). Secondly, questions exist about the stability of self-control over a criminal person's lifetime. Control Theory also ignores the effect of peer group pressure on adolescents (Heaven and Virgen 2001) and corporate pressure on white-collar criminals as Sutherland proposed. Piquero and Piquero (2006) found that corporate offending propensity and behavioral indicators of low self-control were unrelated, a result inconsistent with the general theory.

Tittle developed a modified version of Control Theory, known as Control Balance Theory (1995, 2004), in which to account for motivation of criminal behaviour, particularly among corporate elites. He explains that:

Most other control theories take criminal/deviant motivation for granted and permit predictions of misbehavior in general, not particular forms of misbehavior. Moreover, few other theories, whether control based or not, even account for high-level deviance much less portray high-level and low-level deviance as stemming from the same causal processes. (2004, p. 396)

Tittle argues that the type of deviance will be explained at the point where motivation intersects "with the magnitude of one's control ratio [how much control an individual has, as compared to the control exerted on that person], opportunity, constraint and self-control" (2004, p. 423). However, as Tittle himself asserts, this is a hypothetical model and therefore it has limitations in the real world in terms of predictive power but it is useful for dealing with criticisms of Control Theory

From a completely opposite theoretical position are the rational choice theorists. Rational Choice theorists concur with Sutherland's view that fraud comes out of opportunities that become open to the perpetrator in corrupting organisations. Decision-making occurs before the crime is committed and a mental calculation is made as to the possibility of being caught and how much risk is involved, compared to the amount of money that can be seized (Shover and Cullen 2008). However, even with these constraints, an individual can weigh up a decision to commit a criminal act on the balance of probability of being caught, the likely penalties for being caught against the prospect of securing gain from the employing organisation. Thus if penalties are high, and the likelihood of being caught is great the potential perpetrator will not commit any crime and the deterrence rules out criminal behaviour (McCarthy 2002). Criticism levelled was that in reality it did not produce any greater insights than already gained through empirical research (Akers 1990).

Bucy et al. (2008) asked 45 experts in white-collar crime, “Why do white collar workers commit these offences?” Money, financial gain and greed were the most often ascribed reason for managers engaging in criminal acts. Some respondents reported that the perpetrators operated from a fear of failure or of losing status or lifestyle. More described the typical Type ‘A’ personality: clever, risk-taking, arrogant, greedy, aggressive, self-centred, as frequently being the type of person that they had to deal with in fraud. “Interestingly, less than 5% of the study participants expressed the view that white collar criminals commit crimes because they are ‘amoral’ or evil” (2008, p. 407).

Personality traits

Review of the personality literature by Bucy et al. (2008), identified eight personality traits that ‘fuel’ white-collar criminality which are outlined in the list below.

- **Need for control**, - so they aspire to leadership positions these individuals are assertive, decisive and active and naturally climb to the top of the corporate ladder. They can also be gamblers who are hooked on their need to control the next bet (Burger and Cooper 1979).
- **Bullying** - behaviours are seen in individuals who are ambitious and aggressive, so as to enhance personal gain. People become afraid to question and live in a culture of fear (Einarsen, Aasland and Skogstad 2007).
- **Charisma** – these types of leaders are not necessarily operating out of the good of the corporation, Enron demonstrated a remarkable set of charismatic leaders that determined the culture of the organisation (Tourish & Vatcha 2005).
- **Fear of falling** – Fear of losing what the person has gained, when such a loss is perceived as highly possible. Perpetrators of fraud, of this factor, see it as short-term fraud (Kets de Vries 1989).
- **Overwhelming need for company success** – to increase shareholder value, or it can be tied to personal ambition. Fuelled by greed, being successful (Brottman 2009).
- **Lack of integrity** – lack of moral compass, therefore allows them to commit fraud (Brinkmann 2001).
- **Narcissism** - their sense of superiority spurs activity that makes the fraud an entitlement, or a special privilege. Seen in negative leaders (House and Howell 1992).
- **Lack of social conscientiousness** – individuals who had a propensity for fraud do not show pro-social values or activity (Collins and Schmidt 1993).

There is a vast personality literature in the psychological body of empirical work about the reasons for criminal behaviour, which is impossible to cover in this thesis but suffice to say, most of the major trends are covered in the above list. There is one exception, that is Machiavellianism which is treated separately below.

Machiavellianism receives its name from the writer in 15th Century Florence, Niccolo Machiavelli who wrote the treatise *'The Prince'* on the art of manipulation to achieve and retain power (Sherry et al. 2006). Individuals said to be Machiavellian are viewed with suspicion as they will manipulate whoever is in their way to achieve power. High scoring Machiavellians conform less to norms and values of society and where the risk was low, would stole more often in a laboratory experiment (Harrell and Hartnagel 1976). High scorers could only be trusted with close supervision. Machiavellianism is seen as one personality trait of the Dark Triad (Paulhus and Williams 2002) and is linked with fraudulent behaviour.

Fear of failure from intense competition comes from the social choice, rational choice theory embedded in consensus based free market thinking, developed from the works of Adam Smith and earlier. The basic tenet is that every individual is free to choose to work, and free to choose to excel, thereby a sense of competition was generated. In the world of work, competition is fierce and a strong motivator for deviance (Coleman 1987) as few would want to be a failure in the eyes of the family, company or society (Riordan, James and Runzi 1989).

Hochhauser (2004) summarised Richard Sternberg's earlier work on personality traits of executives who commit 'corporate malfeasance' which are different in some ways to the above personality traits. These are egocentrism, omniscience, omnipotence and invulnerability. The use of the name corporate refers to the type of personality trait of corporate individuals. There are four corporate traits: egocentrism where risky decisions are made on the individual's own interests; omniscience, when executives believe that they know everything. Being widely perceived as being a financial authority makes them blind to their ignorance in other areas. This also creates unrealistic beliefs about themselves (Greener 2006). Omnipotence is the third factor, where an individual views that the rules do not apply to them. Finally, there is a sense of invulnerability where the executives believe themselves so powerful that they can get away with anything. The delusion is that they believe that they

will have total support from Boards and shareholders, or will get by on their own quick thinking (Hochhauser 2004).

Quite a few fraud offences occur because the perpetrator has a clear addiction problem, most commonly gambling, and needs access to money to fund their habit (Sakurai and Smith 2003). In the sample of serious fraud offences (above \$AU 100,000) in 1998-99 in Australia and New Zealand (Australian Institute of Criminology and PriceWaterhouseCoopers 2003), 14.5% of offenders committed fraud because of gambling. This statistic varies with the KPMG Forensic report (2009), where the motivation of gambling was cited for 44% of the offenders. Gamblers in the KPMG Forensic survey were presented as different from non-gamblers in terms of: gender, with more females offenders represented than non-gambler offenders; and age. The males tended to be younger by a few years compared to others, while the females were a few years older. The gambler fraudsters committed more cheque fraud, misappropriated funds, obtained goods and services by deception than other fraudsters. Most gamblers used the stolen money (86%) on their habit and the rest on living expenses. The other non-gambling fraudsters tended to use the proceeds for a luxurious lifestyle. Gamblers tended to take smaller amounts compared to other fraudsters (Australian Institute of Criminology and PriceWaterhouseCoopers 2003), and half of the gambling offenders committed their fraud against their employers. The KPMG Forensic survey (2009) however, attributed 44% of fraud motivation to gambling, and 37% to lifestyle, 22% of all perpetrators were managerial staff and most acted alone.

There is a psychiatric disorder of pathological gambling as described by the American Psychiatric Association (1994), which features a list of behaviours for the clinician to diagnose: preoccupation with gambling; needs to gamble with increasing amounts of money in order to achieve the desired excitement; repeated unsuccessful efforts to control gambling; is restless or irritable when attempting to cut down or stop gambling; gambles to escape; after losing money often returns another day to get even ('chasing one's losses') ; lies to family members, therapist, or others to conceal the extent of involvement with gambling; has committed illegal acts such as forgery, fraud, theft, or embezzlement to finance gambling; has jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling, and relies on others to provide money to relieve a desperate financial situation caused by gambling (American Psychiatric Association 1994) Interestingly, this diagnosis is part of the impulse-control disorder group, and may lend support for the control theory, with its low impulse control mechanism.

The Australian Institute of Criminology (Australian Institute of Criminology 2008) quoted that an estimated quarter of a billion dollars was lost in 528 gambling related cases heard in the Australian courts in the last ten years. The Institute concludes that gambling is seen as an explanation of fraud, but not the motivation, with punitive sentences handed out by the Australian courts rather than accepting it as a pathological mental disorder and ordering counseling and treatment programs (Australian Institute of Criminology 2003).

Psychological factors for fraud

There is no single valid or reliable marker in a person's make up that indicates him or her as a fraudster (Duffield and Grabosky 2001). The psychological factors most linked with fraud, as listed by Duffield and Grabosky are: dishonesty, lack of integrity and untrustworthiness. A common element to fraud is the financial strain felt by the perpetrator; another element for business people could be loss of power, material wealth and pride. Poor lifestyle choices could contribute to fraud, for example, gambling, relationship breakdown and addictive illicit drugs. This is known colloquially as "...the hypothesis of the 3Bs- babes, booze and bets" (2001, p. 2).

Some fraud offenders feel that they have to have power over others, and take pleasure in deceiving others and humiliating them through their gullibility (Duffield and Grabosky 2001). They also demonstrate a misanthropic view of human nature coupled with disrespect for their victims. Honest people are viewed as tremendously naïve for not taking advantage of what is on offer. Fraud committed by executives and managers according to Duffield and Grabosky (2001) appears to be perpetrated by overly ambitious individuals who are narcissistic; surrounding themselves with 'yes men' and able to take extraordinary risks in the face of no sensible opposition. They tend to overwork others, are likely to respond angrily to criticism, and they have a sense of superiority. The rate of narcissism is estimated to be 1% of the population, but considered to be far higher in the managerial fraudster group. Feeling as though they have been treated unfairly is considered to be another characteristic, along with a sense of territoriality about their office, computer or department.

Psychopathy

Interestingly, fraud committed against companies can also be seen to be the prerogative of the psychopath. Psychopathy is a personality disorder, not a mental illness, and is noted as a dimensional construct as there is a range and degree of characteristics and not a finite, discrete category of behaviour (Walters et al. 2008). The psychopath's main differentiation

from others is lack of empathy (Babiak and Hare 2007) together with lack of affection or remorse and manifest arrogant indifference. The disorder is estimated to affect 1-3% of the population, and Duffield and Grabosky (2001) posit that this type may be over represented in fraud cases. They hypothesised that situational pressures on fraudsters may vary regardless of psychological factors, and as they move from one environment to another, more controls may be operating which inhibits the possibility of fraud. There is a lack of research about such personality types and more has to be produced to get a definitive set of characteristics, rather than the anecdotal ones reported in surveys. Also they note, that some factors such as ambition may be highly desirable in executives, and not necessarily denote a propensity to fraudulent activity.

Some of the leading researchers of the Dark Triad of personality factors (Paulhus and Williams 2002) found there was perhaps an overlap between narcissism, Machiavellianism and psychopathy. However, they are very separate personality constructs, despite other research stating the contrary. In a study of 200 'high-potential executives', they found that 3.5% were scoring in the psychopath range, three times as many as would normally be found in the population. Because lower status employees are not much use to corporate psychopaths in their climbing up the corporate ladder to gain power, "...the psychopath's mask will often come off in front of staff, and employees will pick up on the psychopath's game before management does" (Morse 2004, p. 22). This would indicate executive impression management would be more apparent to subordinate recipients, when practiced by psychopaths.

Corporate criminal psychopath

Clarke (2005) estimated that in Australia 2% of male managers and 0.5% of female managers were corporate psychopaths. He developed three sub-types of the workplace psychopath. The occupational psychopath uses his occupation as means for power and control, for example being a corrupt policeman. The organisational psychopath needs to get to the top, no matter what or whom gets in his/her way and the corporate criminal psychopath who shows more long range planning, and secures trust from corporate victims over a period of time. Of these subtypes, the corporate criminal is the most likely to commit fraud, as money is viewed by this type of perpetrator as giving access to power, over an extended period of time. While the other types are capable of fraud, they tend to use more aggressive means to fulfil their power needs and produce a quicker payoff. Apparently female psychopaths are just as likely to commit corporate fraud as males in this subtype.

Finally, in an interesting study of the psychopaths' self-concept (Tamayo and Raymond 1977) found that the psychopath's sense of self was actually very negative, with low self worth making them self-centered. Despite being fully aware of the results of their actions and their understanding of the norms and values of society, they still commit crimes. This inconsistency is believed to be due to a paucity of fantasy life, leading ultimately to an underdevelopment of a moral self (Tamayo & Raymond 1977). Related to this lack of moral self: other researchers have found that subclinical psychopaths can have a dismissive attachment pattern (Williams, Spidel, and Paulhus 2005) therefore the child grows up with little or no moral compass.

Alternative Auditing and Detection Theory

The fraud triangle

Donald Cressey was a contemporary of Edwin Sutherland, one of the wave of sociologists who were interested in deviance in the 1950s. Cressey originally published his ideas in 1953, (1973) and is credited with the theory of the Fraud Triangle. The three elements that make up the fraud triangle are pressure, the motive to commit the fraud, perceived opportunity, the perception of being able to commit the fraud and remain undetected, and rationalisation, which provides a morally acceptable excuse in the mind of the fraud perpetrator to justify why the crime is not really a crime. All three elements must be present for a fraud to occur. The theory has proved very popular with auditors, forensic accountants and fraud investigators and is used as the gold standard with by Association of Certified Fraud Examiners (Wells 2001) and in time was absorbed into the U.S. definition of fraud that auditors could identify in companies and was included in SAS 99 of 2002 (Tatum et al. 2001).

Cressey (1973) interviewed convicted, imprisoned male embezzlers and found that global explanations such as greed or immorality did not fit with their motives. He found that there was much more complexity in the nature of the explanations as covered earlier in this chapter. His conclusion was that there was a recurring theme of non-shareability of the problems that the fraudsters had, when they first started to commit their offences. This was related to status seeking by the offenders, and in every case he found that every offender was either ashamed or "had too much false pride" (1973, p. 75), which prevented them from seeking help. Cressey argued it was not their immorality or their high standard of living that caused the theft but the fact that they had no one to turn to resolve their personal problems.

Albanese (2008) provided further evidence of the motivation for fraudulent casino gamblers. These were: needing money for personal gain (18% of 212 fraudster respondents); living beyond their means (14%), in debt (14%), temptation too great (14%), greed (13%), gambling, drugs and alcohol combined 9%, contempt for the organisation or low pay 7%, desire to lead the wild life (4%), family problems, emotional or mental illness (5%), outright dishonesty, desire to blackmail the company (2%) and needed a 'loan' (0.4%).

There is some evidence though that this is not true for all fraudsters. Although in some recent surveys, lifestyle reasons were attributed to nearly 40% of fraudsters (KPMG Forensic 2009). For the remaining 60%, it would be expected that the non-shareability of their problem would mean that they would act alone, but 20% of fraudsters were acting with internal or external parties.

Nevertheless, it is argued that Cressey's work still holds true for a large percentage of fraudsters. Adapting a schema from Albanese (2008) looking at the traditional explanations of the causes of occupational fraud, he found two different gender responses in casino gamblers to what drives people into considering fraud: 'masculine' actions associated with status-seeking and 'feminine' actions association with protection of loved ones. Albanese is at pains to point out that Cressey emphasised that it was only the perceived insolvability that made fraud happen, but it does suggest that the masculine/feminine dichotomy results from the different 'unsolvable' situations which men and women are more likely to experience (see Figure 45).

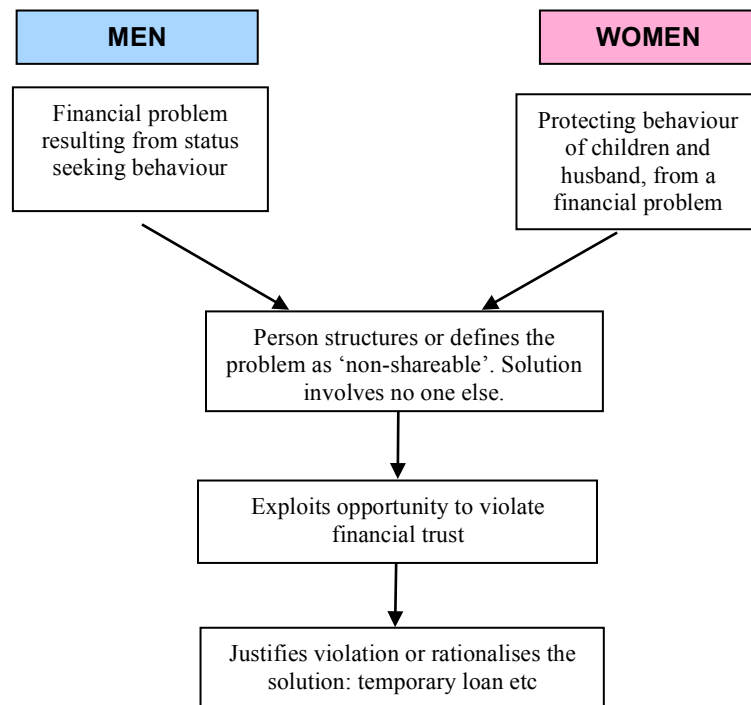


Figure 45. Gendered causes of embezzlement according to Cressey and Zietz (adapted from Albanese 2008)

Cressey's concept of the Fraud Triangle has become an integral part of the fraud literature today (Wells 2001). It has also been assessed as a better tool for risk assessment (LaSalle 2007). Top management fraud has distinctive fraud triangle characteristics: there is the existence of strong financial motivations, and the involvement of individuals with opportunity who are otherwise considered respectable members of society (Zarah et al. 2007).

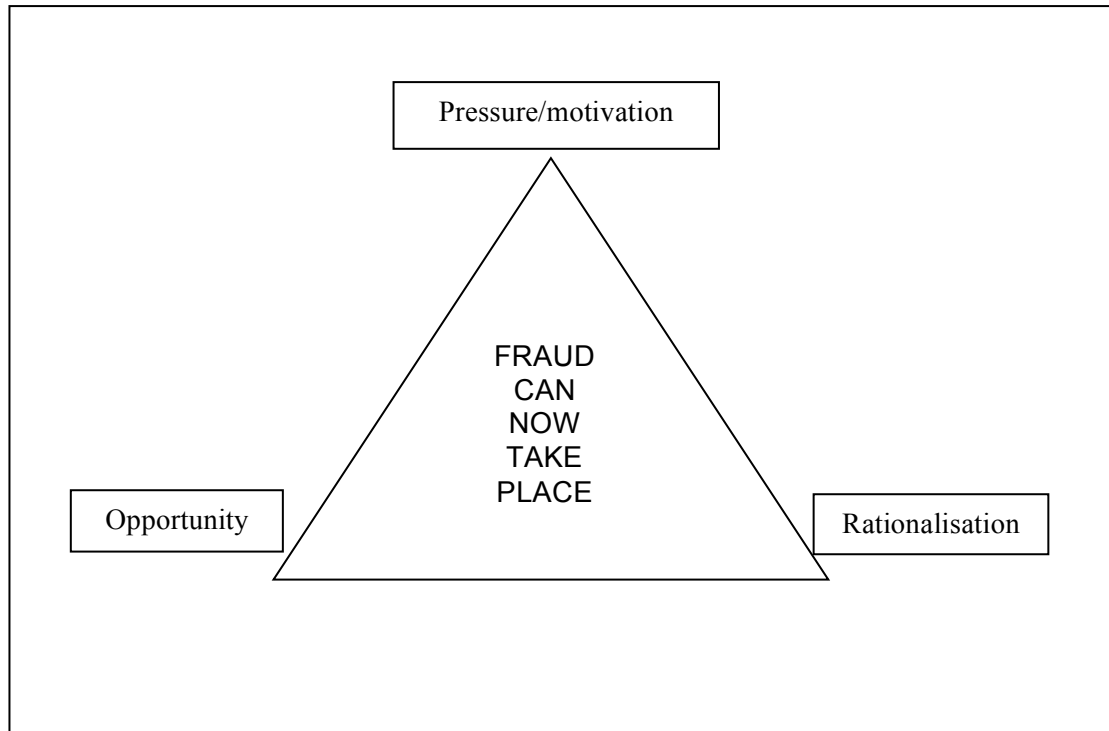


Figure 46. The Fraud Triangle

Other studies have shown that the three foundations of pressure, rationalisation and opportunity explain business student's propensity to cheat (Becker et al. 2006). Cressey emphasised that the three elements have to be present for fraud to occur, as Albrecht and Wernz (1993) explain: "The three fraud factors can be likened to the three elements of the fire triangle: it takes heat, fuel, and oxygen to produce a fire. When only two of the three are present, a fire cannot occur" (electronic article, no pagination).

Red Flags of Fraud

Based on Cressey's fraud triangle, Romney, Albrecht and Cherrington (1980) were the first researchers to hypothesise the Red Flags of fraud. The Red Flags are warning indicators in the organisations' environment, about employees and the operational situation. The researchers substituted rationalisation with honesty, as they felt that an honest person would most likely not rationalise a fraudulent act. The researchers commenced their study with a thorough literature review and with a separate investigation of perpetrators and previous cases; they produced a list of red flags of warning signs. Overall, they found that frustration in terms of social inequalities was a background factor, particularly if individuals felt that they were denied fair opportunities they were liable to be dishonest. This finding contradicts the theories of anomie, alienation and strain, explained earlier in this section. However, they did hypothesise that other factors such as size and bureaucratisation of organisations not only

provide many opportunities for fraud, but lead to apathy and what they called the 'Robin Hood syndrome'. At the end of their research project, they tested 65 red flags retrospectively against histories of fraud and found that the Red Flags appeared in a large percentage of cases.

Red flags and personal characteristics

Some of the Red Flags consisted of personal characteristics of fraudsters, and were listed as: rationalisation of contradictory behaviour; lack of ethics; a 'wheeler-dealer' personality; lack of stability; strong desire to beat the system, dishonesty in their background, poor credit rating and financial status (Romney, Albrecht and Cherrington 1980). When these were coupled with 'situational pressure' red flags of: high personal debts or financial losses; inadequate income for lifestyle, extensive stockmarket or other speculation; excessive gambling; undue family, company expectations; excessive use of alcohol or use of drugs, perceived inequities in the company; resentment of superiors; frustration with the job; peer group pressure or undue desire for personal gain, then fraud was very likely to happen. The researchers saw that the red flags would be very useful for auditors and accountants to use in their work with organisational financial statements to detect fraud (Romney, Albrecht, and Cherrington 1980a). It is still considered the most effective approach to identifying fraud today, and was included recently in the SAS 99 in the U.S.A. accounting standards. Red Flags detection remains as the most widely used instrument for detecting fraud by accountants and auditors (Albrecht, Albrecht, and Dunn 2001a).

The list started at a lengthy 65 indicators and by 2000 it was cited at well over 10 pages of separate red flags (Protiviti 2000). However, despite the auditing profession's preference for them and a statutory requirement to look for them, only one-third of the red flags have been found to be good indicators in later work Weisenbom and Norris (1997). Whereas Pincus argued that they were not particularly useful at all (1989). Weisenborn and Norris (1997) found that the most likely indicators (out of 86 Red Flags) of fraud were: dishonest or unethical management; too much trust given to key executives and domination of the organisation by one or two individuals. More recently Cohen et al. (2008) argued that the Red Flags do not emphasise important personal factors of management, notably lack of ethics and personality traits which are often overlooked by auditors. Nevertheless, it should be remembered that in the interviews that Romney, Albrecht and Cherrington (1980b) had with the jailed fraudsters, they found that the most common cause for fraud was a financial debt or loss combined with an individual's disposition to compromise their honesty by

rationalising the need for taking the money. Rationalisation therefore does appear to have a role in explaining fraud.

Red flags in operation

Despite contradictory evidence, Red Flags have been extensively utilised by the auditing and accounting professions. The KPMG Forensic report (2009) found that only 22% of companies who responded to their survey ignored Red Flags. But as predicted by Cohen et al. (2008) the Red Flags that were most frequently ignored were those regarding personality or indicators about the manager. The top three indicators, in order of value of fraud reported by Cohen et al., which were ignored were: signs of excessive wealth and spending, aggressive management style (possibly a version of 'wheeler dealer personality') and provision of gifts above financial means. A disturbing trend that KPMG Forensic (2009) identified was that gambling was on the increase and speculated this would cause more people to turn to fraud.

The ACFE report on occupational fraud and abuse (2008) in an extensive survey of 959 cases, asked information about the classic behavioural Red Flags. Apart from excessive pressure from within the organisation which accounted for 23% of financial misstatement cases, and being unusually close to the vendor or customer, for 35% of corruption, all the factors are remarkably in line with each other no matter what type of fraud, be it asset misappropriation, corruption or financial statement fraud. The top 10 variables are listed in the table below. Some of the variables overlap, as several red flags may have been given. The percentages relate to asset misappropriation in particular, as it is the most relevant and the most frequent type of fraud committed by managers.

Table 18. Top ten behavioural red flags by percentage reported in asset misappropriation.

	Red Flag	Percentage (n=850)
1.	Living beyond means	41%
2.	Financial difficulties	36%
3.	Wheeler-dealer attitude	19%
4.	Control issues, unwillingness to share duties	18%
5.	Divorce/family problems	18%
6.	Unusually close to vendors or customers	14%
7.	Irritability, suspiciousness, or defensiveness	14%
8.	Addiction problems	14%
9.	Past legal problems	9%
10.	Past employment related problems	8%

Adapted from ACFE Report (2008)

In the ACFE 2008 report, forensic accountants and fraud investigators rated internal audit best at detecting or limiting fraud (corroborated by separate research by Coram, Ferguson and Moroney 2008). Overall, these informed respondents rated external audit less likely to detect fraud (ACFE 2008). Expecting external auditors to look out for the most appropriate red flags to detect fraud (Apostolou and Crumbley 2008) seems to be somewhat beyond their capability, as judged by their colleagues in forensic investigation. Perhaps this fact is behind the call for accounting and auditing professionals to educate themselves in other knowledge areas, such as sociology, psychology and criminology so that they can understand the problem of fraud from an enhanced perspective (Krambia-Kapardis 2002; Ramamoorti 2008).

The difficulty in recognising fraudsters before discovery

The profile of white-collar fraudsters was described in 1980 by Romney Albrecht and Cherrington:

Fraud perpetrators are less likely than other property offenders to be caught, turned in, arrested, convicted, incarcerated or serve long sentences. In addition, they include a higher proportion of women, are more likely to have a stable family life and are less likely to have used drugs or alcohol. They are more likely to be active church members and less likely to have had past problems with the law. On average, they are older, heavier and better educated than other property offenders. They are more optimistic, have higher self-esteem, are more self-sufficient and achieving and are more socially conforming.

When compared with college students, few differences were found. The fraud perpetrators were more dishonest, had more psychic pain, were more independent, more sexually mature and more socially deviant. From these results it can be concluded that the detection of potential perpetrators of fraud will not be an easy task because their demographic and psychological profiles reveal that they are very much like most other citizens. (1980, p. 65)

Thus making it impossible to forecast who will commit a fraud as commented on twenty years later (Peterson and Gibson 2003).

Furthermore, fraudsters were reported as less likely to use drugs or alcohol, and in better psychological health than other prisoners. They were more optimistic, less depressed, more motivated, had higher self-esteem, were more achievement oriented, independent, more conforming, had more self-control, kindness and empathy than the other prisoners. This is not to say that the measures scored by the white-collar group were higher than the general population (Romney, Albrecht, and Cherrington 1980b).

Two types of fraudster

On a further note, Romney, Albrecht and Cherrington (1980) found two types of fraudsters: those who had a criminal history and others who had no history of deviance. This led the authors to conclude:

From this it might be hypothesised that there are two distinct types of criminal who engages in white collar crime as just another in a series of crimes, and the more typical business person who succumbs to pressure or temptation. The first type will steal any time he has the chance; the second type will steal only when the level of desire overcomes his inhibitions. (1980, p. 54)

This is the first mention of these two distinct types of fraudsters found in this literature review. This early finding may have been lost due to the fact that in surveys, the fraudster characteristics are gathered together to present a single profile. Furthermore, many of the surveys are an accumulation of information from clients on the databases of large accounting firms (for example, KPMG Forensic 2007, Ernst and Young 2003). The Australian Institute of Criminology has also made a similar compilation, using different data from Australia and New Zealand's criminal records (2003), as well as the ACFE in the U.S. in 2008. Their summary profiles are given in the table below for comparison.

Table 19. Three fraudster profiles.

Characteristic	KPMG (2007)	AIC (2003)	ACFE (2007)
Age	36-55 yrs	Mid 40s	41-50yrs
Gender	Male	Male	Male
Education	Not available	Completed secondary, or have a professional qualification	High school graduate or Bachelor's degree
Occupation	Senior Manager/manager, or CEO	Director or hired in accounting department	Manager or Executive
Company department	Finance	Accounting	Accounting
Employment record	Stable, more than two years	Stable with organisation	Never punished or terminated
Prior criminal record?	Not available	None	None
Acted independently?	Yes	Yes	Yes

All three surveys show a similar profile: male finance manager in his 40s with some years of non-problematic work history with the firm. Yet the 2007 KPMG profile remarked upon the spread of length of employment by the perpetrator, as some frauds were committed within a few months of commencement:

These results also raise the question of whether or not some new employees join an organisation with the intent to commit fraud or if they only develop the "criminal inclination" once they have gained the trust of their colleagues and superiors and have identified weaknesses in internal controls and opportunities for fraud within the company. (2007, p. 13)

Perhaps there are in fact two types of fraudsters as Romney, Albrecht and Cherrington concluded, but surveys, via their assimilation of data overlook the possible binomial distribution. However, there is evidence in some surveys that about about 3-15% of fraudsters may be in Romney, Albrecht and Cherrington's first group. These would most likely be the 'habitual criminal' type that Romney, Albrecht and Cherrington referred to (1980). Apparently they will commit fraud as soon as they are familiar with the system and could include the 4% of fraudsters listed in KPMG's fraudster profile (2007) who had recently joined a company prior to committing the fraud. Despite intensive psychological and modern pre-employment employment screening methods and thorough interviewing of candidates, there has not been so far the ability to identify and reject potential fraudsters (Clark and Salaman 1998; Davis 2005; Guy 2001).

Miscellaneous

Finally in terms of the fraud theory review, there are many researchers and practitioners in the field who develop their own sources of motivations and classifications. Richards (2008), A Security and Exchange Commission Director, in the U.S., classified people's motivations into the following subsets: the 'grifter' who sets out to steal money, plans it in advance, taking care to select their victims. The 'borrower' is merely intending to borrow the money as a short-term loan intending to repay, this category also includes the manager who lies about financial performance results always hoping that with the next statement, the business will right itself. The 'opportunist' is the one that sees a way of taking cash easily out of the business and does so, without really reflecting on the outcomes of doing so. Another type is the 'crowd follower' who feels as though they are doing what everyone else is doing, and it that is fraud, so be it. Lastly, there are the 'minimizers' who justify their actions by saying that the fraud has little or no impact on the organisation concerned; their fraud is a drop in the ocean compared to annual revenue. Levi (1988), a well respected criminology scholar, put together a similar interim framework, by classifying pre-planned fraudsters, from 'intermediate planned' fraudsters (those who started out their employment with honest aims) and 'slippery slope' fraudsters who trade recklessly and resort to fraud to right the wrongs that have happened. Some would argue that these are categories of description of how the fraud occurs or excuses, and not the real motivation (Konovsky and Jaster 1989), and once again there is no clear picture of fraud motivation and types of behaviour within a theoretical context.

Need for more scholarly work

Overall there is a lack of scholarly work on white-collar crime, corporate crime and corporate fraud, states Shichor (2009) after analysing citations and references used in academic publications. He concludes that this is due to the fact that most researchers view this area as a sub-field rather than a subject in its own right. However, he is hopeful that more researchers will be attracted to the field in the future. This optimism is not shared by Shover and Cullen (2008), they contend that disunity reigns adding unnecessary complexity for researchers with their different perspectives and discourages scholarly work. What makes matters worse is that fraud issues are not taught in business schools, and there is little or no content in accounting courses about fraud (Choo and Tan 2007). Other commentators such as Apostolou and Crumbley (2008) felt that increased awareness of fraud was of the maximum importance as well as the need for increased financial controls. Therefore it is necessary for fraud to be on the curriculum for managers to be trained properly. Choo and Tan go on to say that fraud would be difficult and complex to teach due to the lack of

consistent theory, but right now “most business school graduates would not recognize a Fraud if it hit them between the eyes” (Albrecht, Albrecht and Albrecht 2004, p. 124).

Some scholars contend that the right theoretical approach has not even been made yet. For instance, Shapiro (1990) argues that the focus is in the wrong direction altogether and that researchers should concentrate on the breach of trust that occurs in organisations due to white-collar crime, not the crime itself. This remark in itself demonstrates the lack of coherence in the research effort. Finally, academic researchers in the past have been heavily criticised for not focussing on fraud either theoretically or empirically (Baucus 1994; Hayes and Prenzler 2003).

Such is the criticism of a theory of fraud or the lack of it. Even on a practical basis there is criticism of data collection by governmental agencies as well as academics in Australia (Smith 1997). Required are consistent offence categories, consistent data recording practices in the various jurisdictions, improving detection and reporting and improving the quantification of monetary loss. In his concluding remarks Smith recommends: “...there exists a need for ongoing monitoring of data collection, recording and reporting practices concerning fraud throughout Australia. Only then, will Australia be well-placed to understand the full extent of this, its most costly form of crime” (1997, p. 6). Perhaps Sutherland was right in his assertion that corporate power elites control the regulation of white-collar crime when Yeager’s comments about the academic research agenda for crime are considered:

The political or ideological forces that variously constrain and motivate research on corporate wrongs operate at all levels of human action, from the institutional to the interpersonal. They shape everything from the perceptions and priorities of research funding agencies and foundations, to the social impacts that research has on matters ranging from public policy to popular understandings, to the career trajectories of the researchers. (2009, p. 7)

The lack of knowledge, disparate theoretical disputes, lack of power of explanation or contradictory results in empirical research and disunity, has undoubtedly created a vacuum. However, some authors, including Sutherland in 1940, contend that understanding will never be gained as long as interested parties, the power elite, wish to thwart the regulatory process for their own ends (Cooper and Deo 2005).

Conclusion of literature search on theoretical underpinnings of fraud

After an intensive literature search, there seems to be no clear theory to explain executive fraud, and a dearth of literature to even define the term. Various theories were briefly described in this section in an effort to develop a possible standpoint for the study of executive fraud, but other areas have to be examined to find a more satisfactory fit of theory, which is undertaken in the next section of this chapter. Suffice to say that in the absence of a connected well-constructed theory about fraudsters, auditors use a theory based on characteristics of fraudsters, therefore 'The fraud triangle' and subsequent 'Red Flags' indicators, are almost totally relied upon for the detection of fraud. For the purposes of this study however, co-workers of fraudsters were interviewed about the impression management that they received, not the reasons for the fraud, and the research question focuses on why did they not observe the aberrant behaviour of the fraudster.

No theory or empirical research studied so far has given a satisfactory understanding of how fraudsters can maintain the illusional process of honesty with colleagues. Excessive lifestyle and greed does not seem to be noticed by anyone, let alone colleagues in the organisation, and the question remains as to why and how this illusion is carried off?

Appendix C: Researcher's Statement

Researchers' Values Statement

In the interests of 'coming clean' as recommended by Yeager (2009) this researcher lists her experience, motivations, values and beliefs in order that outside scrutiny can take place:

- I have always understood that fraud is harmful to organisations. There is no such thing as doing it for the good of others.
- That as a professional career manager and developer, one of the most important issues to be mindful of when dealing with managerial candidates, is: "Am I handing a poisoned chalice to the next employer?"
- This has led me to ask: "How can I detect the possibility of deception and perhaps fraudulent intentions?" This is based on a premise that I believe that is feasible to screen out such candidates and advise on alternative strategies so that the person is able to understand that this behaviour will have consequences and that there are alternative courses that are more preferable for that individual.
- I do not blame fraudsters, I believe that they come to be fraudsters either by chemical imbalances in the brain in utero or through early life stress events that are just beginning to be recognised by science.
- After some soul searching I do not believe that I am driven by the 'Lone Ranger' motivation of doing good, or even being a rescuer. However, my motivations are protectionist of innocent others who are harmed in the workplace by executive fraudster activities.
- I now do not believe in good people or bad/evil people as I did earlier in my life. I have come to the core belief that there are good people and there are stressed people. And this has been the case of my value system and the basis of my attitudes over the last decade.
- My personality (ENFP type, using Myers Briggs terminology) allows me to champion causes, and I feel happiest when I do this, the more difficult cause, the better. My intelligence has allowed me to do this within several areas having presented over 35 conference papers in a variety of forums advocating new approaches to old problems in the community.
- Furthermore, as my independence quotient is very high, it has protected me from being corrupted by poor organisational values. In fact, I have been a whistle-blower several times in my life, losing my position and career opportunities in doing so. Therefore I think that I am fairly resistant to contamination by organisations or

individuals. However the influence of such through our culture may be so subtle I may not be aware of this. My independence also allows me to research problematical areas such as small business finance, unemployment of the over 40s, unemployed women managers, and bullying in the past, and now, fraudster executives.

- I am self-employed and not dependent on an employer or organisation for my career. My work is formed of individuals coming to my career development company to receive help with finding employment; therefore I am not reliant on any government or private organisation for a living.
- I have been a senior manager in large and small organisations and often had opportunities to defraud, which I did not do as I believe it is wrong to steal. However, I had extremely good reasons to steal, on one occasion: being a single mother stranded with a huge mortgage, chronically and severely underpaid, overworked doing three jobs in one duty statement and all this with easy access to millions of dollars. My excuse to embezzle could have been that I have been dysphoric (depressed) for the first four decades of my life and still live with the after effects of Post Traumatic Stress Disorder.
- Occasionally I have been to the casino as a form of entertainment with \$10-\$20 in the kitty and even on fewer occasions I have visited racecourses, where I have laid a couple of losing bets. As in the Australian tradition, I usually lay a bet on the annual Melbourne Cup and buy lotto tickets some weeks as part of our family joke regarding the Sheridan Financial Plan.

Appendix D: Semi-structured Interview Guides

There are four guides:

- Fraudster Recipients
- Non-Fraudster Recipients
- Fraud Investigators
- Fraudsters

Semi-structured interview guide - Fraudster recipients

Tell me what was it like to work with this person?

Morality

Did he understand strengths and weaknesses? Or did he deceive himself, refused to accept anything that could be called a weakness? This also means he was immoral to himself if self-deception.

Had he ever apologised? If yes demonstrates morality and he cares Tucker et al 2006

Were there instances that your leader demonstrated high moral reasoning and integrity (Turner 2002)

Authenticity

Was there a variance between front stage and backstage performance?

Have you ever had a sense that this person is not who he or she seems?

All these questions relate to the time you worked with the fraudster **before** the discovery of the fraud itself.

Before you start the questions, get the person in your mind, remember your interaction time together.

Item			
Would you say that this person showed signs of greed then?	Yes	No	N/A
Did you know if the person that he/she had financial stress during this period?	Yes	No	N/A
Before discovery, did you think that the person was dishonest?	Yes	No	N/A
Did you think that he/she was talked 'babes/boys booze and bets'?	Yes	No	N/A
Did you think that this person had marital difficulties?	Yes	No	N/A
Did you think that he/she was depressed?	Yes	No	N/A
Did you think that this person felt superior to others?	Yes	No	N/A
Did this person rationalises 'mistakes' by saying that "they deserved it", or that "it doesn't hurt anyone," etc ?	Yes	No	N/A
Did this person believe the worst of human nature and motives; having a sneering disbelief of others' view of humanity?	Yes	No	N/A
Did this person ever say to you "Everyone does this" When taking shortcuts etc?	Yes	No	N/A
Did this person have unswerving faith in everything that he or she did was right?	Yes	No	N/A
Was this person be classified then as having a dominating personality?	Yes	No	N/A
Did this person surround him/herself with 'yes men'?	Yes	No	N/A
Did you observe that that this person had unrealistic (grandiose) views of their behaviour?	Yes	No	N/A
Was this person, in your view back then, narcissistic?	Yes	No	N/A
Did he or she show lack of caring about others?	Yes	No	N/A
Did this person think that he or she was being treated unfairly?	Yes	No	N/A
Did this person regard his/her computer, unit, budget etc as totally his/hers?	Yes	No	N/A
Did this person show ruthlessness in regard to firing people?	Yes	No	N/A
Did this person seem to be 'strategic' all the time, trying to climb up the corporate ladder, bettering him/herself etc?	Yes	No	N/A
Would you have said that this person was a 'good actor' at the time (not after the fraud was realised)?	Yes	No	N/A
Was this person very persuasive?	Yes	No	N/A

Was this person very sociable?	Yes	No	N/A
Was this person moral in his or her behaviour and views?	Yes	No	N/A
Did you pick up at the time that this person had no regard for others?	Yes	No	N/A
Did you think that he/she manipulated others?	Yes	No	N/A
Did you think that he or she was arrogant?	Yes	No	N/A
Before discovery did you think that this person was conscientious in their work?	Yes	No	N/A
Did this person work long hours, especially night and weekend, on their own?	Yes	No	N/A
Did this person ever take holidays in this period?	Yes	No	N/A
Did you know if this person had a separation experience from his/her mother in early childhood?	Yes	No	N/A
Did you know if this person had an addiction (e.g., drinking, drugs, gambling) during this time?	Yes	No	N/A
Did you feel in any way before the discovery of the fraud that this person was not what she or he was claiming to be?	Yes	No	N/A
Did you feel that this person was always checking you out on what you were saying in response to him/her?	Yes	No	N/A
Is there anything else that was remarkable about this person at the time before discovery?	Yes	No	N/A

Part 2

I see myself with high self-esteem yes / no

Would you have said that before the discovery that you were a good judge of people?

Did you ever see a moment of crisis with this person, e.g., a bank robbery, someone being sacked, being served with legal papers at work?

If yes, what did you think of the true character of this person at that moment?

Looking back now, have you any other comments about the interaction between you two?

This is the end of the questionnaire, and thank you for your participation and time.

Semi-structured interview guide – Non-fraudster recipients

Generally, how is it like to work with this person?

Morality

Did he understand their strengths and weaknesses?

Or did he deceive himself, refused to accept anything that could be called a weakness?
(This also means he was immoral to himself if self-deception.)

Had he ever apologised? If yes demonstrates morality and he cares Tucker et al 2006

Were there instances that your leader demonstrated high moral reasoning and integrity (Turner 2002)

Authenticity

Was there a variance between front stage and backstage performance?

Have you ever had a sense that this person is not who he or she seems?

All these questions relate to the time you worked with the executive before you start the questions, get the person in your mind, remember your interaction time together.

Item			
Would you say that this person showed any signs of greed?	Yes	No	N/A
Did you know if the person that he/she had financial stress?	Yes	No	N/A
Have you ever thought that this person was dishonest, in any way?	Yes	No	N/A
Did you think that he/she has talked ‘babes/boys booze and bets?’	Yes	No	N/A
Did you ever think that this person had marital difficulties?	Yes	No	N/A
Did you think that he/she was depressed?	Yes	No	N/A
Did you think that this person felt superior to others?	Yes	No	N/A
Did this person rationalises ‘mistakes’ by saying that “they deserved it”, or that “it doesn’t hurt anyone,” etc ?	Yes	No	N/A
Did this person believe the worst of human nature and motives; having a sneering disbelief of others’ view of humanity?	Yes	No	N/A
Did this person ever say to you that “Everyone does this” When taking shortcuts etc?	Yes	No	N/A
Did this person have unswerving faith in everything that he or she did was right?	Yes	No	N/A
Was this person be classified then as having a dominating personality?	Yes	No	N/A
Did this person surround him/herself with ‘yes men’?	Yes	No	N/A
Did you observe that that this person had unrealistic (grandiose) views of their behaviour?	Yes	No	N/A
Was this person, in your view, narcissistic?	Yes	No	N/A
Has he or she show lack of caring about others?	Yes	No	N/A
Had this person thought that he or she was being treated unfairly?	Yes	No	N/A
Does this person regard his/her computer, unit, budget etc as totally his/hers?	Yes	No	N/A
Does this person show ruthlessness in regard to firing people?	Yes	No	N/A
Does this person seem to be ‘strategic’ all the time, trying to climb up the corporate ladder, bettering him/herself etc?	Yes	No	N/A
Would you have said that this person was a ‘good actor’?	Yes	No	N/A

Is this person very persuasive?	Yes	No	N/A
Is this person very sociable?	Yes	No	N/A
Is this person moral in his or her behaviour and views?	Yes	No	N/A
Have you ever picked up that this person had no regard for others?	Yes	No	N/A
Do you think that he/she has manipulated others?	Yes	No	N/A
Do you think that he or she is arrogant?	Yes	No	N/A
Do you think that this person was conscientious in their work?	Yes	No	N/A
Did this person work long hours, especially night and weekend, on their own?	Yes	No	N/A
Does this person ever take holidays?	Yes	No	N/A
Do you happen to know if this person had a separation experience from his/her mother in early childhood?	Yes	No	N/A
Did you know if this person had an addiction (e.g., drinking, drugs, gambling) during this time?	Yes	No	N/A
Did you feel in any way before the discovery of the fraud that this person was not what she or he was claiming to be?	Yes	No	N/A
Did you feel that this person was always checking you out on what you were saying in response to him/her?	Yes	No	N/A
Do you feel that this person outstares you?	Yes	No	N/A

Part 2

I see myself with high self-esteem yes / no

Would you have said that that you were a good judge of people?

Have you ever see a moment of crisis with this person, e.g., a bank robbery, someone being sacked, being served with legal papers at work?

If yes, what did you think of the true character of this person at that moment?

Have you any other comments about the interaction between you two?

This is the end of the questionnaire, and thank you for your participation and time.

Semi-structured interview guide – Fraud Investigators

The following questions are about your reminiscences of executive level (high managerial) fraudsters who defrauded their employer organisations. They must have defrauded multiple times over a minimum of 6 months, at least \$AU 1,000,000 (or equivalent). They had to be successfully prosecuted and received prison sentences.

Approximately how many fraudsters of the above category did you personally investigate?

- 1-5 ☐
 6-10 ☐
 11+ ☐

Morality

Did they understand their strengths and weaknesses?

Or did they deceive themselves, refused to accept anything that could be called a weakness?

Had they ever apologised?

Were there instances that they demonstrated high moral reasoning and integrity?

Authenticity

Was there a variance between ‘front stage’ and ‘backstage’ performance, e.g., in front of their boss as opposed to their prison cell?

Semi-structured interview guide

All these questions relate to the time you investigated the fraudster. Before you start the questions, get a typical example in your mind, remember your interaction time together. There may be exceptions to this ‘typical fraudster’ but that is ok, you will be asked later about these.

Item			
Would you say that this person showed signs of greed then?	Yes	No	N/A
Did you know if the person that he/she had financial stress during this period?	Yes	No	N/A
Before discovery, did you think that the person was dishonest?	Yes	No	N/A
Did you think that he/she was talked ‘babes/boys booze and bets’?	Yes	No	N/A
Did you think that this person had marital difficulties?	Yes	No	N/A
Did you think that he/she was depressed?	Yes	No	N/A
Did you think that this person felt superior to others?	Yes	No	N/A
Did this person rationalises ‘mistakes’ by saying that “they deserved it”, or that “it doesn’t hurt anyone,” etc?	Yes	No	N/A
Did this person believe the worst of human nature and motives; having a sneering disbelief of others’ view of humanity?	Yes	No	N/A
Did this person have unswerving faith in everything that he or she did was right?	Yes	No	N/A
Was this person be classified then as having a dominating personality?	Yes	No	N/A
Did this person surround him/herself with ‘yes men’?	Yes	No	N/A
Did you observe that that this person had unrealistic (grandiose) views of their behaviour?	Yes	No	N/A
Was this person, in your view back then, narcissistic?	Yes	No	N/A
Did he or she show lack of caring about others?	Yes	No	N/A
Did this person think that he or she was being treated unfairly?	Yes	No	N/A
Did this person regard his/her computer, unit, budget etc as totally his/hers?	Yes	No	N/A
Did this person show ruthlessness in regard to firing people?	Yes	No	N/A
Did this person seem to be ‘strategic’ all the time, trying to climb up the corporate ladder, bettering him/herself etc?	Yes	No	N/A

Would you have said that this person was a 'good actor' at the time (not after the fraud was realised)?	Yes	No	N/A
Was this person very persuasive?	Yes	No	N/A
Was this person very sociable?	Yes	No	N/A
Was this person moral in his or her behaviour and views (despite being a fraudster)?	Yes	No	N/A
Did you pick up at the time that this person had no regard for others?	Yes	No	N/A
Did you think that he/she manipulated others?	Yes	No	N/A
Did you think that he or she was arrogant?	Yes	No	N/A
Before discovery did you think that this person was conscientious in their work?	Yes	No	N/A
Did this person work long hours, especially night and weekend, on their own?	Yes	No	N/A
Did this person ever take holidays in this period?	Yes	No	N/A
Did you know if this person had a separation experience from his/her mother in early childhood?	Yes	No	N/A
Did you know if this person had an addiction (e.g., drinking, drugs, gambling) during this time?	Yes	No	N/A
Did you feel that this person was always checking you out on what you were saying in response to him/her?	Yes	No	N/A
Is there anything else that was remarkable about this person at the time before discovery?	Yes	No	N/A

Part 2

I see myself with high self-esteem yes / no

Would you have said that before investigating these fraudsters that you were a good judge of people?

Did you ever see a moment of crisis with this person, e.g., the moment of discovery?

If yes, what did you think that the true character was of this person at that moment?

Your experience with other fraudsters in this category may have been different, could you please describe the differences?

This is the end of the questionnaire, and thank you for your participation and time.

Semi-structured interview guide - Fraudsters

What was life like before you got into your organisation that you defrauded?

How did you get to know about the position?

Generally how was it like to work in that organisation?

Were you married? Have children?

What sort of parent were you?

At the time, before discovery:

Did you understand your strengths and weaknesses? Or did you deceive yourself, refused to accept anything that could be called a weakness? This also means he was immoral to himself if self-deception.

Had you ever apologised for things that you had done wrong? If yes demonstrates morality and he cares Tucker et al 2006

Were there instances that you were able to demonstrate high moral reasoning and integrity (Turner 2002)

Authenticity

Was there a variance between your front stage and backstage performance?

Privately, (personal world) what did you think of yourself, what did you know at the time?

What started you off on the fraud?

How did you do it?

How long were you committing the fraud?

How were you discovered?

All these questions relate to the time you were committing the fraud:

Item			
Would you say that showed signs of greed before discovery?	Yes	No	N/A
Did you remember if you had financial stress during this period?	Yes	No	N/A
Before discovery, did you think that you were honest?	Yes	No	N/A
Did you boast about ‘babes booze and bets?’ after a weekend?	Yes	No	N/A
Did you have marital difficulties?	Yes	No	N/A
Do you think that you were depressed?	Yes	No	N/A
Did you feel superior to others?	Yes	No	N/A
Did you ever rationalise ‘mistakes’ by saying that “they deserved it”, or that “it doesn’t hurt anyone,” etc ?	Yes	No	N/A
Did you believe the worst of human nature and motives; having a sneering disbelief of others’ view of humanity?	Yes	No	N/A
Did you ever say “Everyone does this” When taking shortcuts etc?	Yes	No	N/A
Did you have unswerving faith in everything that you did was right?	Yes	No	N/A
Would you said that you had a dominating personality?	Yes	No	N/A
Did you surround yourself with ‘yes men’?	Yes	No	N/A
Did you think that you had had unrealistic (grandiose) views of your behaviour?	Yes	No	N/A
Were you back then, narcissistic?	Yes	No	N/A

Did you show lack of caring about others, in other ways apart from the fraud?	Yes	No	N/A
Did this person think that you were being treated unfairly, in life, in the organisation?	Yes	No	N/A
Did you regard your computer, unit, budget etc as totally yours?	Yes	No	N/A
Were you ruthless in regard to firing people?	Yes	No	N/A
Did you seem to be 'strategic' all the time, trying to climb up the corporate ladder, bettering yourself etc?	Yes	No	N/A
Would you have said that you were a 'good actor' at the time (not after the fraud was realised)?	Yes	No	N/A
Were you very persuasive?	Yes	No	N/A
Were you very sociable?	Yes	No	N/A
Were you moral in your behaviour and views?	Yes	No	N/A
Did you have no regard for others?	Yes	No	N/A
Did you think that you manipulated others?	Yes	No	N/A
Did you think that you were arrogant?	Yes	No	N/A
Before discovery did you think that you were conscientious in your work?	Yes	No	N/A
Did you work long hours, especially night and weekend, on your own?	Yes	No	N/A
Did you ever take holidays in this period?	Yes	No	N/A
Did you have a separation experience from your mother in early childhood?	Yes	No	N/A
Did you know if you had an addiction (e.g., drinking, drugs, gambling, eating, sex) during this time?	Yes	No	N/A
Did you feel a fake or impostor?	Yes	No	N/A
Were you always checking others out on what they were saying in response to you?	Yes	No	N/A
Is there anything else that was remarkable about you at the time before discovery?	Yes	No	N/A

Part 2

I see myself, back then with high self-esteem yes / no

Would you have said that before the discovery, that you were a good judge of people?

Before discovery, did you have a moment of severe crisis at work: e.g., a bank robbery, someone being sacked, being served with legal papers at work?

If yes, what did you think/ feel at that moment?

Looking back now, have you any other comments about the interaction between you and your coworkers?

This is the end of the questionnaire, and thank you for your participation and time.

Appendix E: The Construction of the Semi-structured Interview Guide

The construction of the semi-structured interview guide was developed from two main areas of literature. First, the foundations of impression management reciprocity: morality and authenticity. Second, the prevailing theories on fraud, particularly executive fraud, as covered in Appendix A and discussed in Chapter Six.

Part One – Items about fraud and impression management

Impression management

Morality

This is one of the preconditions of impression management. The semi-structured interview commenced with a general question regarding the executive's sense of strengths and weaknesses, this was developed from Gray and Densten's work (2007) that if they denied weaknesses this implied self-deception on the executive's part. Similarly, had the executive ever apologised to the recipient? If the answer was affirmative Tucker and Turner (2006) say that the apology demonstrates some level of morality and therefore the executive actually cares about the recipient, and therefore indirectly, cares about himself or herself, showing a sense of self in the process.

Authenticity

The recipients were asked if there was a variance between front stage performance and back stage performance. Many recipients understood the question and talked about it at length, giving examples. For those who did not, the interviewer gave brief examples of what constituted front and back stage within the context that they were talking about. This question is aimed at the impression management process and the pre-condition of authenticity.

Good actor

This refers directly to impression management's social monitoring behaviour in that some people appear to be very good actors than others (although impression management is a daily activity of any social interaction). Sociability is also another linked trait to being a good actor (Mangham 1990).

Moral behaviour and views

This refers to the main precondition of impression management. This is a double check item, and could bring out more information about the executive's morality (Moore 2008).

Masking behaviour

The question was asked of recipients if they detected any sense of, or if they felt if the executive was not who they were claiming to be. This was drawn directly from impression management literature (Clark and Salaman 1998, Crant 1996, Gardner 1992).

The Red Flags

Greed

This term meant in a very general sense, and often the interviewer used the example of the executive taking the prawns in the salad bar at a staff luncheon before anyone else could get near it. This sounds trivial, but the researcher wanted to have the respondent to think about the person in the widest sense. Greed is said to be the number one motivation of fraud (Cullen, Hartman and Jonson 2009), and possibly it could be found in other forums too of the fraudster's activities.

Financial stress

This area was brought in from the Red Flag literature. It is speculated that financial stress motivates the executive into fraud initially. The motivation of financial stress is seen to be non-shareable (Cressey 1973), and that will motivate people to steal from easy sources that are available (Choo and Tan 2007).

Dishonesty

Honesty is the subtext to authenticity (Weiler and Weinstein 1972). And dishonesty is associated with fraud (Chartered Institute of Personnel and Development, and Credit Industry Fraud Avoidance System CIFAS 2007). The question was asked about dishonesty in the most general sense.

Marital difficulties

Having difficulties or break-ups in major relationships was signified as a Red Flag. Romney, Albrecht and Cherrington (1980) typified this source of stress as undue family expectations on their first run at developing the Red Flags.

Rationalisation behaviour

This is referring to the rationalisation ability that fraudsters have when stealing from the company. Cressey's fraud triangle was based on motivation, opportunity and rationalisation behaviour. Also rationalisation occurs with neutralisation behaviour (Sykes and Matza 1957), as it cancels out moral behaviour. An error can be excused as 'the company can afford it', which in turn can lead to the fraud being affordable as well. 'Everybody does this' is another favourite rationalisation.

Being treated unfairly

Being treated unfairly was another major Red Flag for auditors to be aware of the possibility of a fraud (McGee, Ho, and Li 2008). Also, from the social anomie literature there is the creation of inequities from social institutions and therefore feeling being unfairly treated of left out is seen as a cause for crime (Willott and Griffin 1999).

Dominating personality

This factor was cited in the Red Flag literature, particularly if the executive was giving the auditor a hard or difficult time. Romney, Albrecht and Cherrington (1980) referred to this as 'overly dominant management' in their Red Flag classification.

Yes men

Concomitant with a dominating personality is to surround oneself with 'yes men' or employees who do not resist the arguments put forward by the executive (Lord, Brown, and Freiberg 1999). This lack of questioning allows the culture of the organisation to be

dominated by one view, and if this view is basically dishonest then, as it happened in Enron, the employees will follow suit (Watkins 2003).

Social Psychology

Depression

Burger and Cooper (1979) see discussed the desirability of control, and how depression is an outcome following 'learned helplessness' which is a state of perceived feeling of being out of control. Meindl, Erlich and Dukerich (1985) referred to executives wanting to be in control, as well as being seen as competent.

Superiority

This question was aimed at if the recipient felt that the executive was feeling overly superior to others (Yukl 1992). Narcissistic individuals feel superior (House 1992) over others and narcissism is linked with impression management via Machiavellianism (McHoskey 2001). Narcissistic people have grandiose views of themselves and their work (Paunonen et al. 2006). Certainly the one of the most well known statements of superiority is attributed to Jeff Skilling, the CEO of Enron, at a Harvard Business School admissions interview, when asked if he was smart, he replied "I am f...ing smart" (http://en.wikipedia.org/wiki/Jeff_Skilling). Also, organisational psychopaths reportedly feel that they are superior to others (Hare and Babiak 2006, Clarke 2005, Paulus and Williams 2002).

Belief that everything that executive does is right

Linked to superiority is an unswerving faith in everything that the executive does is right. It was said of Christopher Skase that he "had a ferocious faith in the rightness of whatever he was doing" (Duffield and Grabosky 2001, p. 4) Also arrogant behaviour is linked.

Machiavellianism

High scoring Machiavellians conform less to social norms would steal more often in a laboratory experiment (Harrell and Hartnagel 1976). Machiavellianism is seen as one personality trait of the Dark Triad (Paulhus and Williams 2002) and is linked with fraudulent behaviour. Questions were asked about the strategic behaviour, being ambitious etc. (Klaver, Lee, and Hart 2007) Manipulative behaviour was also explored (Singer 1964).

Addictive behaviour

The question was asked if the recipient saw any addictive behaviour, for example alcoholism, drugs etc. Gambling is noted as a major and increasing motivation for fraud in the Australian literature (Australian Institute of Criminology 2008, Sakurai and Smith 2003) and the US literature (Albanese 2008) as gambling opportunities with poker machines and casinos became available in geographic areas where previously there was no previous public access. It is noted in the literature that addictive behaviours can be linked and when one addiction is stopped, for instance, overeating, another can take its place for example, alcohol. There is said to be an addictive personality and multiple addictions can take place (Conason, Klomek, and Sher 2006). The question was also used to explore if the recipient noted any other addictive patterns with the executive.

Gambling

The question was framed around the 'Three B Hypothesis' (Duffield and Grabosky 2001) of "babes, booze and bets". It was another way of ascertaining the binge routine of gamblers to make their lifestyle sound acceptable to their audience.

Social Monitoring

Here the recipients were invited to talk about any overt social monitoring behaviour, for instance the executive checking them out in normal conversations etc. This was based on the social monitoring literature (Snyder 1974).

Psychopathy

Clinical Psychopaths

Clarke (2005) argued that there is a criminal organisational psychopath as well as the organisational psychopath who would commit fraud. The latter was less likely to do so, preferring power and status instead. The most distinguishing characteristic of psychopaths is the complete lack of empathy for others (Blair, Mitchell, and Blair 2005; Walters et al. 2008). Several questions were installed to pick up if this trait of lack of empathy was present with the executives, e.g show a lack of caring; show ruthlessness in regards to firing others; show no regard for others. They are also seen as highly persuasive in getting people to do what they do not want to do. Again, the core driver here is the lack of empathy as others

would not press a person too hard as they would understand their feelings. Equally, they would be highly manipulative in their daily interaction (Boddy 2006).

Conscientiousness

One of the counter-intuitive attributes of a corporation criminal psychopath is the fact that often are very good at their skills that they use to get into the organisation, for instance their financial management skills (Clarke 2005).

Working long hours

Working long hours and never taking holidays is identified as two major Red Flags of possible fraudulent activity (Weisenborn and Norris 1997). In addition this behaviour is part of the organisational criminal psychopath characteristics (Clarke 2005). This behaviour is due to the fraudster reluctant to leave his or her workplace for fear of being caught out in his or her fraudulent activity. Several large frauds in Australia were discovered when the bank employees concerned went away on holiday.

Low view of humanity

Duffield and Grabosky (2001) mention that many con artists have a low opinion of their targets. Similarly, the psychopathic personality type shares a low view of humanity demonstrated in their lack of empathy to others (Blair, Mitchell, and Blair 2005).

Part Two

Self Esteem of the recipient

The question was asked if the recipient him or herself had high self esteem before the fraud was discovered. This was asked because there is some indication that certain types of criminals actively seek out victims for their crimes, and self-esteem of the victim, in predisposing themselves to a crime is potentially one of those factors (Conti et al. 1998). Not all recipients were victims in the sense of being defrauded directly of money, but there is sufficient explanation that co-workers of fraudsters feel victimised and that they suffer from low self-esteem as a consequence (Peltier-Rivest 2009). Generally this question was to open up an area of conversation about how they felt now, as well as then. High self esteem would indicate that there is also high trust within the individual (Ellison and Firestone 1974). Using the social exchange theory, social exchange occurs within trusting relationships, trust lays an expectation, according to this theory that there will be reciprocity of exchange. High trust

also allows a relationship to form with the executive – he or she has earned power over the recipient, and a mutual exchange is looked forward to (Avolio et al. 2004). High trusters are less likely to lie, cheat or steal, they are also more likely to give others a second chance and to respect the rights of others. They do not expect to be lied to or cheated either and they also are sought out by high and low trusting individuals as friends. (Rotter 1980).

Good judge of people

The question was asked of the recipient to find out their self assessment of how their judgement was of others, before the discovery of the fraud. This was aimed at getting the recipients to talk about their assessment of the fraudster. Forgas and East (2008) found that mood does affect people's detection of deception, with negative mood being highly related to detecting deception. Interestingly, long-term depressed (dysphoric) people are also likely to detect phoniness and false reassurances (Lane and DePaulo 1999). Low trusting individuals are also likely to be associated with feeling unhappy (Rotter 1980). However, Rotter found that high trusters are however are not more gullible than low trusters when gullibility is defined negatively (foolhardy or rash judgement).

Executive in crisis

The question to be asked was did the recipient ever see the executive in a moment of crisis? This question refers to Goffman's prediction that in such 'fateful moments' the true character will be revealed (1967). Thus a strong character in crisis will be calm and in control, a weak character will be out of control emotionally.

Open ended questions

A couple of open ended questions were added at the end of the semi-structured interview which were to bring out anything that was brought to mind, or that the recipient wanted to bring to the attention of the researcher. For example: "Anything else that was remarkable about the person?" And "Looking back now have you any other comments about the interaction?"

The semi-structured interview guide is given in detail in Chapter Four.

Appendix F: Consent Form

Research project: An Investigation of the Recipients of Executive Impression Management.

I have been informed of and understand the purposes of the study.

I have been given an opportunity to ask questions about the study.

I understand that I can withdraw at any time without prejudice.

I understand that any information which might potentially identify me will not be used in published material.

I agree to participate in the study as outlined to me in the Information Sheet provided to me and read by me.

Name of participant: _____

Signature: _____

Date: _____ **2010**

Completed consent form to be sent to:

Terry Sheridan

Fax: (08) 9249 - 4977

Or posted to:

PO Box 2110

Malaga

WA 6944

Any queries please call me on 0411-266-356

Appendix G: Study Information and Invitation

Information and Invitation for:

- Fraudster recipients
- Non-fraudster recipients
- Fraud investigators
- Fraudsters

**Fraudster
recipients**

February 2009

Information Sheet

PhD Research Project: An Investigation of the Recipients of Executive Impression Management.

Researcher: Terry Sheridan (Ms)

Formal approval of study proposal for PhD candidacy: June 2008.

Dear Participant,

I have outlined the research and its significance below, as well as your participation and what it means. Your privacy and confidentiality of your information is of the utmost concern to me and is guaranteed. I sincerely hope that you can assist me, as there are few people who are willing to be interviewed about their past fraudulent behaviour, therefore your experience and thoughts will be most welcome.

My research is centred on recipients of manager's "impression management", that is, how they presented themselves in daily life at work to those working closest to them. The study is exploring and comparing the daily interaction of two groups of managers, (1) fraudsters and (2) non-fraudsters. Therefore your comments and reminiscences on your daily interaction with your co-workers will be very helpful in this research.

The format of the research is an interview, covering a semi-structured questionnaire with open-ended questions to prompt you to tell me about your experience. It is expected that this will take about an hour of your time. There is also some written questionnaires to fill out.

The information from this interview will be recorded and stored in my own un-networked computer. Word processed transcripts will be created of your interview by myself. An identification code will be attached to your transcript, for instance would be 'E1'. This means that the data that you provide will be non-identifiable to anyone else apart from me. My office is fully secure and outside of the University, as I am a part-time student.

If there is a context that could be identifiable, say a top global bank, or the biggest fraud committed in Australian history, then these contextual identifiers will be erased from the transcript. After that process, each transcript is then coded by myself, phrase by phrase; phrases from all the transcripts are then collected into categories and then methodically analysed, with the results written for the thesis. Any publication of the material will also remain non-identifiable to the source or context.

The research will be used as the basis of a doctoral thesis and other academic publications.

After the research is completed the transcripts remain in total security at the Graduate School of Business, Curtin University of Technology, for 5 years, after which the data are destroyed.

Your participation in this study is purely voluntary, and if at any given time you wish to withdraw, then you may do so without prejudice or negative consequence. Some data that you may provide may be highly sensitive in nature, and they will not be used in any other form than that stated above.

The benefit from this research is so that we can have a better understanding of the daily life of executives or managers, and is there any difference between fraudster and non-fraudster managers that people who worked closely with, could experience. Currently, according to a thorough literature review of the research over the last four decades, this behaviour is not known.

What do you do now? Please contact me at
office hours (08) 9226 4359,
after hours 0411 266 356,

or preferably

email: terry@guardianangelexecutives.com.au so that we can set up an interview time very soon at your office or other suitable venue.

Many thanks

Terry Sheridan

If you wish to have verification of this PhD research please contact:

Co-supervisor: Therese Jefferson, Post Doctoral Research Fellow, Graduate School of Business, Curtin University of Technology. (Phone (08) 9266 3724, email: Therese.Jefferson@gsb.curtin.edu.au)

Should participants wish to make a complaint on ethical grounds (phone: (08) 9266 2784 or hrec@curtin.edu.au or in writing C/- Office of Research and Development, Curtin University of Technology, GPO Box U1987, Perth WA 6845)

This study has been approved by the Human Research Ethics Committee, number GSB 132, on 17th June 2008.

**Non-fraudster
recipients**



Graduate School of Business,
*Attention Terry Sheridan, Therese
Jefferson*
Curtin Business School
GPO Box U 1987
Perth Western Australia 6845

February 2009

Information Sheet

PhD Research Study: An Investigation of the Recipients of Executive Impression Management.

Researcher: Terry Sheridan (Ms)

Formal approval of study proposal for PhD candidacy: June 2008.

Dear (Possible) Participant,

I don't know you, but the fact that you have been passed this message means that you could possibly help me in my investigation. I have outlined the research and its significance below, as well as your participation and what it means. Your privacy and confidentiality of your information is of the utmost concern to me and is guaranteed as outlined below.

My research is centred on recipients of manager's "impression management", that is, how they presented themselves in daily life at work to those working closest to them. The study is exploring and comparing the daily interaction of two groups of managers, (1) fraudsters and (2) non-fraudsters. Your interview is obviously in the non-fraudster group and will act as a 'control' to the fraudster group. By that I mean that I will match and compare the different sets of answers to see if there are differences in the day to day communication between you and your manager. Therefore your comments and reminiscences will be extremely helpful in this research.

The format of the research is an interview, covering a semi-structured questionnaire with open-ended questions to prompt you to tell me about your experience. It is expected that this will take about an hour of your time.

The information from this interview will be recorded and stored in my own un-networked computer. Word processed transcripts will be created of your interview by myself. An identification code will be attached to your transcript, for instance Respondent 1, and the non-fraudulent executive concerned will be called for instance, Non Fraud Executive 1. Therefore your case code would be 'NFE1R1'. This means that the data that you provide will be non-identifiable to anyone else apart from me. My office is fully secure and outside of the University, as I am a part-time student.

If there is a context that could be identifiable, say a top global bank, then these contextual identifiers will be erased from the transcript. After that process, each transcript is then coded by myself, phrase by phrase; phrases from all the transcripts are then collected into categories and then methodically analysed, with the results written for the thesis. Any publication of the material will also remain non-identifiable to the source or context.

The research will be used as the basis of a doctoral thesis and other academic publications.

After the research is completed the transcripts remain in total security at the Graduate School of Business, Curtin University of Technology, for 5 years, after which the data are destroyed.

Your participation in this study is purely voluntary, and if at any given time you wish to withdraw, then you may do so without prejudice or negative consequence. Your employer or the person who passed this email to you is not notified, neither he or she receives any information about your participation or what you have said. Some data that you may provide may be highly sensitive in nature, and they will not be used in any other form than that stated above.

The benefit from this research is so that we can have a better understanding of the daily life of executives or managers, and is there any difference between fraudster and non-fraudster managers that people who worked closely with, could experience. Currently, according to a thorough literature review of the research over the last four decades, this behaviour is not known.

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office hours (08) 9226 4359,
after hours 0411 266 356,

or preferably

email: terry@guardianangelexecutives.com.au so that we can set up an interview time very soon at your office or other suitable venue.

Many thanks

Terry Sheridan

If you wish to have verification of this PhD research please contact:

Co-supervisor: Therese Jefferson, Post Doctoral Research Fellow, Graduate School of Business, Curtin University of Technology. (Phone (08) 9266 3724, email: Therese.Jefferson@gsb.curtin.edu.au)

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This study has been approved by the Human Research Ethics Committee, number GSB 132, on 17th June 2008.

**Fraud
Investigators**

July 2009

Information Sheet

PhD Research Project: An Investigation of the Recipients of Executive Impression Management.
Researcher: Terry Sheridan (Ms)
Formal approval of study proposal for PhD candidacy: June 2008.

Dear Participant,

I have outlined the research and its significance below, as well as your participation and what it means. Your privacy and confidentiality of your information is of the utmost concern to me and is guaranteed. I sincerely hope that you can assist me, as there are few people who are willing to be interviewed about their time working with a fraudster; therefore your experience and thoughts based on your past experience as a fraud investigator will be most welcome.

My research is centred on recipients of manager's "impression management", that is, how they presented themselves in daily life at work to those working closest to them. The study is exploring and comparing the daily interaction of two groups of managers, (1) fraudsters and (2) non-fraudsters. Therefore your comments and reminiscences on your daily interaction with your cases will be very helpful in this research.

The format of the research is an interview.

The information from this interview will be recorded and stored in my own un-networked computer. Word processed transcripts will be created of your interview by myself. An identification code will be attached to your transcript, for instance, could be 'INV2'. This means that the data that you provide will be non-identifiable to anyone else apart from me. My office is fully secure and outside of the University, as I am a part-time student.

If there is a context that could be identifiable, say a top global bank is mentioned, or it was the biggest fraud committed in Australian history, then these contextual identifiers will be erased from the transcript. After that process, each transcript is then coded by myself, these are then collected into categories and then methodically analysed, with the results written for the thesis. Any publication of the material will also remain non-identifiable to the source or context.

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What do you do now? Please contact me at
office hours (08) 9248-, 4618
after hours 0411 266 356,
or preferably
email: terry@guardianangelpeople.com.au so that we can set up an interview time very soon.

Many thanks

Terry Sheridan

If you wish to have verification of this PhD research please contact:

Co-supervisor: Therese Jefferson, Post Doctoral Research Fellow, Graduate School of Business, Curtin University of Technology. (Phone (08) 9266 3724, email: Therese.Jefferson@gsb.curtin.edu.au)

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Fraudsters

February 2009

Information Sheet

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Researcher: Terry Sheridan (Ms)

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The information from this interview will be recorded and stored in my own un-networked computer. Word processed transcripts will be created of your interview by myself. An identification code will be attached to your transcript, for instance would be 'F1'. This means that the data that you provide will be non-identifiable to anyone else apart from me. My office is fully secure and outside of the University, as I am a part-time student.

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Many thanks

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Appendix H: Small Medium Enterprises

Special considerations for Small Medium Enterprises

Small medium enterprises (SMEs) in the study were prone to the Arrogant Fraudster type of fraudster. Two fraudsters in the study were defrauding large organisations. Typically these were large financial institutions. One was an Arrogant Fraudster and it is alleged that this fraudster started stealing fairly quickly, whereas the other, a typical DIM Inferior did not steal for a number of years. It is evident, based on those two cases that large organisations can be vulnerable to the two types of fraudsters.

However, in the convenience sample were three fraudsters who worked for organisations that would be considered small enterprises, that is, less than 100 employees (SBDC 2006). Even though one of the organisations was a not-for-profit organisation, the fraudsters all shared similar characteristics.

Avoided rigorous recruitment and selection process

All three fraudsters came into their role by avoiding a rigorous interview and employment screening. The temporary nature of one position allowed an executive to bypass a financial system for his own gain. No induction or selection process was used for the acting capacity. They were 'referred' by a high status source, for instance, a Director. Another had status conferred upon him as a consultant from a software company. Possibly deference made the source difficult to question, and in the end just as likely to be hoodwinked as the recipients were later. There were also special circumstances that allowed the fraudster to be unsupervised. Interestingly, all were without a direct report Director or CEO.

Growing companies

Over time, there was a growth in revenue. This rise in revenue gave the fraudsters enough leeway to steal. It is doubtful but not impossible, that the executive fraudsters could have got away with it for so long if the business was in a tight financial situation with decreasing revenue.

'Family' working relationship

The businesses were marked by close, almost familial, working relationships with employees. This led to low turn over in staff and increased length of employment.

Shared values

There were unspoken but shared values within the tight knit organisation. The fraudsters grasped the shared values of the workplace quickly. From this, they exploited the assumption by others in the workplace of their shared values, which an added overlay of deception.

High trust

The SME owner-managers trusted employees to do their work. Even when faced with gross incompetence or suspicion the fraudsters were not fired immediately.

Fraudster controlled subordinates

Trainees were inducted and remained under the control of the fraudster. In addition, the fraudster trained to a restricted level and groomed the trainees. The fraudster extinguished any threats from more experienced personnel by firing them as soon as practicable.

Benevolent upline management

The fraudsters were able to hold off most suspicions due to the compassion and largesse of the Board of Directors or owner-managers. Suspicions of things not being quite right with the fraudster were ignored, most likely out of tact, or at best excused as a personal oddity. There was no perception whatsoever that the person was defrauding the organisation. In fact, there was a relatively good relationship between the fraudster and upline management.

Few fraud prevention strategies

There was no hotline that a suspicious employee could use even if they had fraud awareness training, which none did. Similarly, there was no communication channel to the Board for an employee to state concerns about the fraudster's performance.

Ignoring the little things

There is a trend of observations that came out after the fraud was discovered referring to comments about an oddity of the fraudster. A fraud investigator mentioned to the researcher that it is quite normal that co-workers know there is something peculiar. There may be

spurious statements and perhaps attention seeking. One recipient explained how afterwards people told him that there was something not quite right. He found this to be quite irritating and useless information after the fact. However, other recipients were aware that things were not right with the fraudster, but did not make the intuitive link that the impression management may be untrustworthy. And this is a problem, as all of the fraudsters in the recipients' accounts were exhibiting odd behaviour in their impression management. Understanding that there is a difference between behaving oddly and perpetrating a fraud is beyond the recipients. It can be seen that the recipients did contend with the impression management inconsistencies that began to occur, and they used such words to describe this: show off, façade, poser and mask. Why continue a relationship with such a person knowing this? It is possible that politics and power in the workplace are at the heart of this problem.

The other possibility could be that many workers have known or worked with executives using Inconsistent Malevolent impression management and they may have become accustomed to inconsistencies. Or it could be the workplace distorts the impression management process from being natural and free flowing, with the audiences free to disengage with the inauthentic (Analoui and Kakabadse 1992).

Lack of knowledge

There is an apparent lack of knowledge on SME owners' part about fraud and how their organisation may be at risk. This is partly due to the emphasis on fraud training on the Red Flags, which is the most promulgated indicator system. It was found in this study with albeit a small convenience sample, the Red Flags system would have been unlikely to detect these fraudsters. As one SME owner manager said:

I didn't know that people like this exist.

This is not ignorance at work. It is reliance on authenticity and morality that is taken for granted by all. Individuals develop experience of others' impression management and quickly become aware of performances less than that. Interestingly, the fraudsters in their Disguised Inconsistent Malevolent impression management showed that they could exhibit morality fairly well, but it was authenticity that they were even better at displaying. This is not surprising given the impact of the news of the fraud upon the SME owner managers, the people who were most likely to trust the fraudster. The reports are of total disbelief that there must be some terrible mistake.

As SMEs are at risk it is suggested that business owners are made more aware of what is a potential threat to their livelihood, their emotional well-being and effects on their family and friends.

This concludes the thesis in its entirety.